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ABSTRACT

Title I of the Elementary and Secondary Education Act (ESEA) is intended to support state and local efforts to ensure that all children reach challenging standards by providing additional resources for schools and students that have the farthest to go. The 1994 reauthorization of the ESEA included a number of changes to Title I allocation provisions to improve the targeting of Title I funds on the districts and schools with the highest concentrations of poverty. This study examined the impact of those changes on school-level targeting. In addition, the study examined funding for secondary schools, the impact of waivers on targeting, funding for schoolwide programs and targeted assistance schools, allocation of funds for services for private school students, and the percentage of funds retained at the district level. Data from 4 national surveys, district records from 140 school districts, Title I state performance reports, and an analysis of waivers of Title I targeting provisions were used to examine allocations. Changes in school-level allocations were studied through records form 17 urban school districts. After the reauthorization, the proportion of high-poverty schools receiving Title I funds increased, and the proportion of low-poverty schools receiving Title I funds decreased. This trend was apparent in the 17 urban school districts as well. Secondary schools were less likely to receive Title I funds, although the highest poverty secondary schools became more likely to receive funds. Only a small proportion of schools nationwide were affected by targeting waivers. Overall, the reauthorization appears to have increased the allocation of resources to disadvantaged students. An appendix discusses the methodology for analyzing within-district targeting in large cities. (Contains 38 exhibits.) (SLD)

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Study of Title I Allocations Within School Districts

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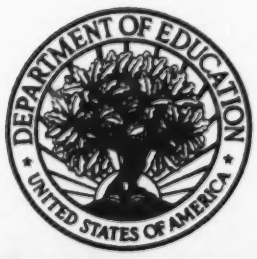

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Targeting Schools:
Study of Title I Allocations Within School Districts

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1999

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Targeting Schools: Study of Title I Allocations Within School Districts

Executive Summary

Title I of the Elementary and Secondary Education Act (ESEA) is intended to support state and local efforts to ensure that all children reach challenging standards by providing additional resources for schools and students that have the farthest to go. Since the program's inception in 1965, there has been a tension between the goal of serving the maximum number of needy schools and students and the goal of concentrating the funds on a smaller number of schools and students in order to have a more significant impact on their achievement. Because Title I is the largest federal program supporting elementary and secondary education, Congressional representatives want to ensure that these resources are provided to all school districts and schools that have disadvantaged students. At the same time, research suggests that spreading the money across a majority of districts and schools may be undermining the program's capacity to meet the high expectations set by policymakers.

The 1994 reauthorization of ESEA included a number of changes to Title I allocation provisions in an effort to improve the targeting of Title I funds on the districts and schools with the highest concentrations of poverty. The primary purpose of this study is to examine the impact of those changes on school-level targeting, as part of the congressionally-mandated National Assessment of Title I. In addition, the report examines funding for secondary schools, the impact of waivers on targeting, funding for schoolwide programs and targeted assistance schools, allocation of funds for services for private school students, and the percentage of funds retained at the district level.

Study Methodology

The study uses four types of data sources: extant data from four surveys conducted between 1990-91 and 1997-98, district records on Title I allocations to schools in a small sample of school districts, Title I state performance reports, and analysis of waivers of Title I targeting provisions.

- Extant survey data for nationally representative samples of schools. Four surveys are used: the Schools and Staffing Surveys (SASS) for 1990-91 and 1993-94, the Public School Survey on Education Reform in 1995-96, and the Follow-Up Public School Survey on Education Reform in 1997-98. These data provide a broad national picture of changes in the proportion of schools that receive Title I funds at different poverty and grade levels.

- District records of Title I school selection and allocations. These data allow us to examine not only which schools receive Title I funds, but also the amount of funds these schools receive.

  - To examine change in school-level allocations after the 1994 reauthorization, this study obtained and analyzed district records from a purposive sample of 17 large urban school districts (containing 4,733 schools) for the 1994-95, 1995-96, and 1996-97 school years. Although these 17 districts are not nationally representative, they do account for a relatively large proportion (17 percent) of all Title I funds.

  - School allocation records from a national sample of 140 districts (containing 8,731 schools), collected by the Study of Education Resources and Federal Funding, are used to provide a national picture of the distribution of Title I funds among schools in 1997-98.

- Title I state performance reports. State reports for 1990-91 through 1996-97 are used to examine changes in the number of schools implementing schoolwide programs.

- Analysis of Title I targeting waivers. Waivers granted by the Department of Education and by States under the Ed-Flex authority are examined to determine the extent to which they are used for Title I targeting provisions. Additional analyses of waivers granted by the Department of Education focus on their impact on the number of schools receiving Title I funds and the size of school allocations in the waiver districts.

In this report, school poverty levels are based on the percentage of students eligible for the free and reduced-price lunch program. The term "highest-poverty schools" is used to refer to schools where at least 75 percent of the students are eligible for free or reduced-price lunches. "High-poverty schools" include all schools at or above the 50 percent poverty level, and "low-poverty schools" include schools below 35 percent poverty.

Targeting of Funds Among High- and Low-Poverty Schools

The proportion of the highest-poverty schools receiving Title I funds increased significantly after the 1994 reauthorization, while the proportion of low-poverty schools receiving these funds declined.

- The proportion of the highest-poverty schools (those with poverty rates of 75 percent or more) receiving Title I funds increased from 79 percent in 1993-94 to 95 percent in 1997-98. During the same period, the proportion of low-poverty schools (those with poverty rates of less than 35 percent) receiving such funds declined from 49 percent to 36 percent. Overall, the proportion of all schools receiving Title I funds declined slightly, from 62 percent in 1993-94 to 58 percent in 1997-98.

- In 1997-98, for the first time, half (50 percent) of all Title I schools had poverty rates of 50 percent or more, up from 41 percent of Title I schools prior to reauthorization (1993-94). Over the same period, the proportion of Title I schools that had low poverty levels declined from 42 percent to 30 percent.

Comparing school allocations, however, provides a mixed picture of the extent of school-level targeting.

- The highest-poverty schools received nearly half (46 percent) of Title I funds in the 1997-98 school year, although they accounted for only 27 percent of Title I schools. Schools with poverty of 50 percent or more receive 73 percent of Title I funds. Low-poverty schools receive only 18 percent of the funds, although they account for 33 percent of Title I schools.

- However, low-poverty schools tend to receive substantially larger allocations per low-income student ($771) compared with the highest-poverty schools ($475). Overall, funding for Title I schools amounted to $472 per low-income student.

- In the 17 urban districts, the highest-poverty schools received much larger allocations per low-income student ($492) than did low-poverty schools ($63). This pattern was also true (although less dramatic) for the largest districts in the nationally representative sample of districts. It is the small districts in the national sample that tend to have large allocations for low-poverty schools, and these districts account for 74 percent of the Title I funds allocated to low-poverty schools (but only

36 percent of the funds allocated to the highest-poverty schools).

- Indeed, some of the large urban districts provided substantially higher per-pupil allocations in their highest-poverty schools, with several funding levels corresponding to varying school poverty levels. For example, one district gave $1,075 per pupil to schools with 85 percent poverty or above, $806 to schools with poverty of 75 to 85 percent, $538 to schools with poverty of 50 to 75 percent, and $269 to schools with poverty of 35 to 50 percent.

- However, some districts reported school allocations per pupil that showed some lower-poverty schools receiving much higher allocations than other schools in the district with higher poverty rates. It may be that some districts do not understand that the rank-order requirement applies to the amount of funds allocated to each school as well as to the determination of school eligibility.

The above school allocation data underestimates total school-level spending for Title I, because 16 percent of Title I funds are used for districtwide programs and services related to instruction and instructional support -- services that affect teachers and students in schools throughout the district, although they are not allocated to individual schools.

- These districtwide instruction-related services include teachers and instructional support staff who serve more than one school, districtwide preschool and summer school programs, and professional development (but not program administration). In addition, because the allocation data are based on FY 1997 appropriations, the average allocation amounts may seem low compared to current (FY 1999) appropriations levels, which are 7 percent higher than in FY 1997.

- **If the school allocation estimates are adjusted to take both of these factors into account, the average school funding level rises from $472 to $613 per low-income student for the 1999-2000 school year.** These school funding levels range from $617 in the highest-poverty schools to $1,001 in the lowest-poverty schools, and from $643 in elementary schools to $483 in secondary schools.

In the 17 urban districts, there was a substantial shift of Title I funds after reauthorization, away from low-poverty schools and toward high-poverty schools.

- The total amount of funds received by low- and moderate-poverty schools fell substantially from 1994-95 to 1996-97 – by 87 percent for schools under 35 percent poor and by 51 percent for schools between 35 and 49 percent poor. At the same time, funding for high-poverty schools rose – by 16 percent for schools at or above 75 percent poor and by 20 percent for schools between 50 and 74 percent poor.

  - The increases in funding for the high-poverty schools resulted less from the change in targeting than from increases in total Title I funding for schools in these districts, because low-poverty schools received less than 2 percent of Title I funds in these districts prior to reauthorization. Of the $142 million increase in Title I funding for schools at or above 50 percent poor, $118 million came from increased funding and $22 million was redirected from lower-poverty schools.

  - However, because low-poverty schools receive a much larger proportion of Title I funds nationally (27 percent in 1997-98), redirecting Title I funds from low-poverty schools may have had a more substantial impact on allocations for high-poverty schools in other districts.

- In the 17 urban districts, the highest-poverty schools received $492 per low-income student in 1996-97, about the same level of funding as in 1993-94.

  - This finding suggests that, in these districts, the growth in total funding and the redirection of some funds away from low-poverty schools were used to support Title I programs in newly-funded schools rather than to increase the intensity of services in existing Title I programs.

  - Another way of looking at this finding is that these districts were able to increase the number of high-poverty schools receiving Title I funds without diluting the level of funding provided to high-poverty schools.

Title I Funding for Secondary Schools

Secondary schools are less likely than elementary schools to receive Title I funds and, if funded, tend to receive smaller allocations per low-income pupil.

- Secondary schools accounted for 23 percent of all schools in 1997-98, but only 11 percent of Title I schools. The percentage of all secondary schools receiving Title I funds declined from 36 percent in 1993-94 to 29 percent in 1997-98.

- Secondary schools account for 33 percent of low-income students (and 44 percent of all students) but receive only 15 percent of Title I funds.

- Secondary schools are not only less likely than elementary schools to receive Title I funds, they also receive substantially smaller allocations (averaging $372 per low-income student, compared with $495 in elementary schools).

However, the highest-poverty secondary schools are nearly as likely to receive Title I funds as the highest-poverty elementary schools.

- In 1997-98, nearly all (93 percent) of the highest-poverty secondary schools (those with poverty rates of 75 percent or more) received Title I funds, compared with 95 percent of the highest-poverty *elementary* schools.

- The percentage of the highest-poverty secondary schools receiving Title I funds rose markedly after reauthorization, from 61 percent in 1993-94 to 74 percent in 1995-96 and 93 percent in 1997-98.

- Funding levels in the highest-poverty secondary schools ($446 per low-income student) are similar to those in the highest-poverty elementary schools ($479).

Title I funding for secondary schools in the 17 urban districts increased 43 percent after the 1994 reauthorization changes went into effect (from 1994-95 to 1996-97), compared with a 10 percent increase for elementary schools.

- The highest-poverty secondary schools saw a 66 percent increase in per pupil funding, while low-poverty secondary schools experienced a 91 percent decline in funds.

- The size of allocations for secondary schools in these 17 districts rose by 13 percent from 1994-95 to 1996-97, from $356 to $401, while elementary school allocations per pupil remained unchanged at $487. Secondary schools received about 18 percent less per low-income student than elementary schools in 1996-97, down from a 27 percent difference in 1994-95.

- The greatest increase was for high-poverty secondary schools, where allocations rose from $416 per low-income student in 1994-95 to $496 in 1996-97 – a 19 percent increase – while average allocations for low-poverty secondary schools declined from $297 to $38.

Impact of Waivers on School-Level Targeting

Since the enactment of the waiver provisions, a total of 746 waivers of statutory requirements have been granted either by the U.S. Department of Education or by Ed-Flex states.

- Ed-Flex waiver decisions accounted for two-thirds (68 percent) of the waivers.

- About one-third of these waivers (29 percent) concerned Title I within-district targeting provisions. Most of the remaining waivers were to allow schools with poverty rates below the statutory eligibility threshold to operate schoolwide programs (38 percent of all waiver decisions) or to relax restrictions on the use of Title II funds (26 percent).

- Title I targeting waivers were more common at the federal level than in the Ed-Flex states. Of the total of 220 targeting waivers, 134 were granted by the U.S. Department of Education and 86 were granted by Ed-Flex states. Targeting waivers accounted for 55 percent of federal waivers and 17 percent of Ed-Flex waivers.

- At the federal level, waivers of within-district targeting provisions were much more common in the first year after reauthorization (87 such waivers were granted for 1995-96, compared with 21 for 1996-97), suggesting that in many cases waivers were requested and approved to ease the transition to new targeting provisions. However, many of the waivers granted for 1995-96 were for three years, so there may be an increase in targeting waivers in 1998-99 if these districts re-apply for waivers.

Waivers to serve ineligible schools were by far the most common type of targeting waiver (71 percent of all waivers).

- Waivers to serve ineligible schools were often accompanied by waivers to provide schools with allocations that were less than 125 percent of the district per-pupil allocation (30 percent of targeting waivers). However, in many cases districts were able to serve ineligible schools without going below the 125 percent minimum (often by choosing not to serve high schools and middle schools).

- A smaller number of waivers permitted districts to give higher per-pupil allocations to schools with lower poverty rates (21 percent) or to skip some eligible schools (12 percent).

Schools affected by targeting waivers amount to a small proportion of all Title I schools nationally.

- In 1995-96, the total number of Title I schools in districts with approved targeting waivers (312 schools) amounted to less than 1 percent of all Title I schools.

Waivers of Title I targeting provisions frequently resulted in substantial reductions in per-pupil allocations for eligible schools in the waiver districts.

- The size of the median school allocation per pupil in waiver districts declined as a result of the waivers by 18 percent in 1995-96, from $800 per pupil to $652, and by 12 percent in 1997-98, from $578 to $511 per pupil.

- Waivers allowing 66 districts to provide Title I services in ineligible schools caused a 33 percent increase in the number of schools served in these districts. These waivers allowed a total of 88 ineligible schools to receive Title I funds, raising the number of schools served in these districts from 269 to 357. Some of these schools would have been eligible under the previous (Chapter 1) school eligibility provisions, but 44 percent would not have been eligible even under the weaker Chapter 1 targeting provisions.

  - The impact of serving ineligible schools in these 66 districts was to reduce average school allocations per pupil by 16 to 26 percent, drawing away funds from eligible schools with higher concentrations of poor children. In 1997-98, the median school allocation in districts receiving waivers to serve ineligible schools was reduced by 26 percent, from $622 to $462.

- Waivers allowing school allocations below the 125 percent minimum also resulted in significant reductions in school allocations in these districts. In 1995-96, the median school allocation in districts receiving these waivers was reduced by 24 percent, from $813 to $620. In 1997-98, the median school allocation was reduced by 14 percent, from $380 to $326.

Distribution of Funds Among Schoolwide and Targeted Assistance Programs

Use of the schoolwide option was increasing steadily in the early 1990s, but jumped dramatically after eligibility requirements were relaxed in the 1994 reauthorization.

- The number of schoolwide programs increased from 1,626 in 1990-91 to 5,050 in 1994-95, the last year before the new eligibility requirements began to take effect. By 1996-97, the number of schoolwide programs had risen to 14,982, and rose still higher to 16,562 in 1997-98.

- The percentage of Title I schools operating schoolwide programs increased from 3 percent in 1990-91 to 10 percent in 1994-95 and 45 percent in 1997-98.

- As a percentage of Title I schools *eligible* to use the schoolwide approach, schoolwides rose from 24 percent of eligible schools in 1990-91 to 46 percent in 1994-95 and then to 73 percent in 1997-98 – even though the number of eligible schools doubled between 1994-95 and 1997-98 as a result of lowering the eligibility threshold.

Schoolwide programs now receive a larger share of Title I funds than targeted assistance schools.

- Although schoolwide programs accounted for only 45 percent of all Title I schools in 1997-98, they received 60 percent of the funds because schoolwides receive larger Title I allocations, on average, than targeted assistance schools, because they tend to have higher poverty rates and thus a greater number of low-income students.

- In the 17 urban districts, the share of Title I funds allocated to schoolwide programs increased from one-third (37 percent) in 1994-95 to two-thirds (64 percent) in 1996-97.

Schoolwide programs receive similar funding levels per low-income student as targeted assistance schools with the same poverty levels. Among the highest-poverty schools, schoolwide programs received an average allocation of $474 per low-income pupil, compared with $476 in targeted assistance schools.

- **Data from the 17 urban districts indicate that this represents a significant change from prior to the 1994 reauthorization**, when schoolwide programs tended to receive larger allocations than targeted assistance schools. Among the highest-poverty schools in these districts, schoolwide programs received an average allocation of $558 in 1994-95 – 24 percent more than the $450 average allocation received by targeted assistance schools. By 1996-97, allocations for both groups of schools at this poverty level were nearly equal, at $498 for schoolwide programs and $482 for targeted assistance schools.

- Prior to the reauthorization, some districts had an explicit policy of funding schoolwide programs at a higher level than targeted assistance schools, but this is no longer permissible due to the rank-order requirement that districts may not provide any school with a per-pupil allocation that is larger than the allocations provided to other schools in the district with higher poverty levels.

Funding for Services for Private School Students

Across the 15 urban districts included in this analysis, funding for services to private school students declined by 10 percent from 1994-95 to 1996-97, while total Title I funding rose by 5 percent.

- Twelve of the districts had reductions in funding for private school students ranging from 6 percent to 56 percent, and three districts had increases ranging from 2 percent to 7 percent.

Some districts showed more substantial declines in allocations for private school students over this three-year period.

- In eight of the 15 districts, allocations declined by 39 to 56 percent over the three-year period from 1994-95 to 1996-97.

- The districts with very large reductions in these allocations tended to have relatively small allocations for private school students prior to reauthorization, compared with the districts that had increases or smaller decreases in these funds.

  - The eight districts with the largest reductions accounted for 10 percent of total allocations for private school students in the 15 urban districts in 1994-95 (and 23 percent of total Title I funds), while the five districts with increases or small reductions in these allocations accounted for 73 percent of total funds for private school students (and 58 percent of total Title I funds).

  - This is because the districts with very large reductions tended to be somewhat smaller in size and to have smaller shares of funds allocated to private schools, even before the reductions occurred.

Use of Funds at the School and District Levels

Title I differs from most other school district resources in that most of the funds are allocated to individual schools.

- Most school district revenues and expenditures are budgeted and accounted for at the district level; schools receive resources and services in the form of teachers, buildings, computers, and other inputs to the educational process, but they typically do not receive an allocation of dollars over which they have control and discretion.

- In the case of Title I, however, districts are required to allocate funds to individual schools based on their enrollments of low-income students. However, districts may use some Title I funds for district-wide programs and services in addition to allocating some of the funds to individual schools, and there is no limit on the amount districts can retain for centrally-administered programs.

- Although some funds retained by districts are used for program administration, the funds may also support district-wide programs and services that directly benefit schools, teachers, and students, such as preschool, summer school, professional development, parent involvement, and services for children in local institutions for neglected and delinquent children.

Districts allocated three-fourths (75 percent) of their Title I funds to individual public schools in 1997-98, based on a national sample of school districts. Similarly, in the sample of large urban districts, 77 percent of the funds were allocated to individual public schools in 1996-97.

- Funds allocated for services for private school students accounted for an additional 1 percent of districts' Title I funds. This percentage was considerably higher in the sample of large urban districts (5 percent).

- Spending on districtwide programs and services accounted for 16 percent of districts' Title I funds. Adding together the funds used for allocations to individual public schools (75 percent), services for private school students (1 percent), and districtwide programs and services (16 percent) suggests that 92 percent of districts' Title I funds were used for instruction and instructional support. The remaining 8 percent were used for program administration.

- Some districts allocated 90 percent or more of their funds to individual public schools, while others used much lower proportions of their funds for school allocations, reaching as low as 46 percent.

- However, districts that distribute relatively small proportions of their funds to individual schools are not necessarily using less of their Title I funds for school-level programs and services compared with other districts, because they may use other Title I funds for district-wide programs and services that directly benefit students and teachers in Title I schools.

  For example, the district that allocates only 46 percent of its Title I funds to individual schools uses 24 percent of the funds for a district-wide preschool program. This district also spends an additional 9 percent on an elementary school initiative, 3 percent on a parent involvement program, 2 percent on professional development, 1 percent on services for neglected and delinquent children, and 1 percent on services for private school students. Combining all of these funds brings the total amount of funds for school- or student-oriented programs to 86 percent of the district's total allocation.

I. Introduction

Title I of the Elementary and Secondary Education Act (ESEA) is intended support state and local efforts to ensure that all children reach challenging standards by providing additional resources for schools and students that have the farthest to go. Since the program's inception in 1965, there has been a tension between the goal of serving the maximum number of needy schools and students and the goal of concentrating the funds on a smaller number of schools and students in order to have a more significant impact on their achievement. Because Title I is the largest federal program supporting elementary and secondary education, Congressional representatives want to ensure that these resources are provided to all school districts and schools that have disadvantaged students. At the same time, research suggests that spreading the money across a majority of districts and schools may be undermining the program's capacity to meet the high expectations set by policymakers.

The 1994 reauthorization of ESEA included a number of changes to Title I allocation provisions in an effort to improve the targeting of Title I funds on the districts and schools with the highest concentrations of poverty. The primary purpose of this study is to examine the impact of those changes on school-level targeting, as part of the congressionally-mandated National Assessment of Title I. In addition, the report examines funding for secondary schools, the impact of waivers on targeting, funding for schoolwide programs and targeted assistance schools, allocation of funds for services for private school students, and the percentage of funds retained at the district level.

Need for Targeting

Research has found that the poverty level of a school has a strong effect on student achievement that is independent of the effect of the individual student's family poverty status. Poor students in high-poverty schools are doubly at risk, with lower achievement levels than poor students in low-poverty schools.

Indeed, in schools with above-average poverty rates, the poverty level of the school influences the test scores of *all* children, including those from more advantaged families. Further, the achievement gap between children in high- and low-poverty schools widens from the early elementary grades into junior high. These findings suggest that the Title I program will have the greatest impact on improving the achievement of disadvantaged students if its resources are targeted on the districts and schools with the greatest needs.

However, the previous National Assessment of Chapter 1 found that these funds were insufficiently targeted on the neediest schools, limiting their ability to provide sufficient amounts of resources to help the children and youth most at risk.[1] Data from the 1993-94 Schools and Staffing Survey confirmed previous findings that, under the previous Chapter 1 provisions, many of the nation's poorest schools were left unserved, even though 62 percent of all public schools received funds. In part this was due to formulas that allocated Title I funds to 92 percent of all school districts, including many with very low concentrations of poverty.[2] Moreover, the share of funds allocated to very high-poverty schools did not compensate for the extra degree to which students in the highest-poverty schools are at risk of school failure. Key findings of the National Assessment of Chapter 1 included:

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[1] U.S. Department of Education, *Reinventing Chapter 1: The Current Chapter 1 Program and New Directions, Final Report of the National Assessment of Chapter 1* (Washington, DC: U.S. Department of Education, 1993).
[2] National Center for Education Statistics, *Schools and Staffing Survey*, 1993-94.

- One-fifth (19 percent) of the highest-poverty schools (where 75 percent or more students were eligible for free or reduced-price lunches) did not receive any Chapter 1 funds. This occurred because high-poverty districts had only enough resources to reach their highest-poverty schools. At the same time, almost half (45 percent) of low-poverty schools (where less than 35 percent of the students were eligible for subsidized lunches) received Chapter 1 funds.

- High-poverty high schools and middle schools frequently went unserved as many districts focused their Chapter 1 funds on elementary schools, including those with lower poverty rates. Almost one-third (31 percent) of the highest-poverty high schools did not receive any Chapter 1 funds, even though funds went to over half (55 percent) of low-poverty elementary schools.

- Many low-achieving students in high-poverty schools went unserved while higher-achieving students in low-poverty schools received Chapter 1 services. One-third of the children in high-poverty schools who scored at or below the 35th percentile on reading tests did not receive Chapter 1 services.

The targeting of funds is an especially critical issue now due to the growth in the number of disadvantaged children and schools with high concentrations of poverty. The number of poor school-age children (ages 5-17) increased by 1.4 million from 1990 to 1996, from 8.2 million to 9.6 million (in the 50 states and the District of Columbia).[3] Low-income students are increasingly concentrated in high-poverty schools. The proportion of low-income students who attended high-poverty schools (50 percent poverty or higher) rose from 51 percent in 1990-91 to 55 percent in 1993-94 and 62 percent in 1997-98. Similarly, the proportion in the highest-poverty schools (75 percent poverty or higher) rose from 26 percent in 1990-91 to 34 percent in 1997-98 (Exhibit 1.1).

Exhibit 1.1
Distribution of Low-Income Students, by School Poverty Level, 1990-91 to 1997-98

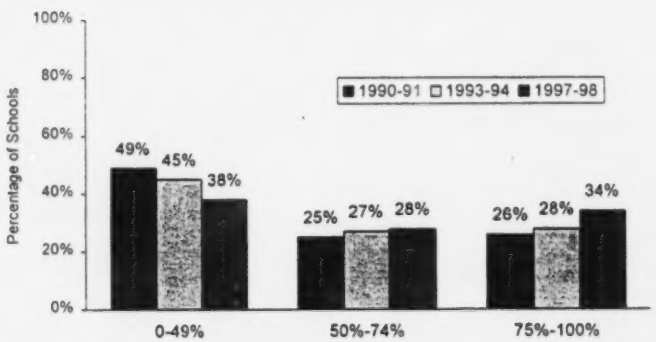

Exhibit reads: The proportion of all low-income students who attended schools with poverty rates between 75 and 100 percent increased from 26 percent in 1990-91 to 34 percent in 1997-98.

[3] U.S. Department of Commerce, Bureau of the Census.

Similarly, the proportion of schools with high poverty rates also increased, from 25 percent of all schools in 1990-91 to 34 percent of all schools in 1997-98. The proportion of schools with the highest poverty rates (between 75 and 100 percent) rose from 10 percent to 15 percent over the same period. The *number* of very high-poverty schools increased by 45 percent, from 7,800 in 1990-91 to 11,400 in 1997-98 (although the latter figure represents a decline from the 1993-94 level of 13,200 schools).

Exhibit 1.2
Distribution of Schools, by School Poverty Level, 1990-91 to 1997-98

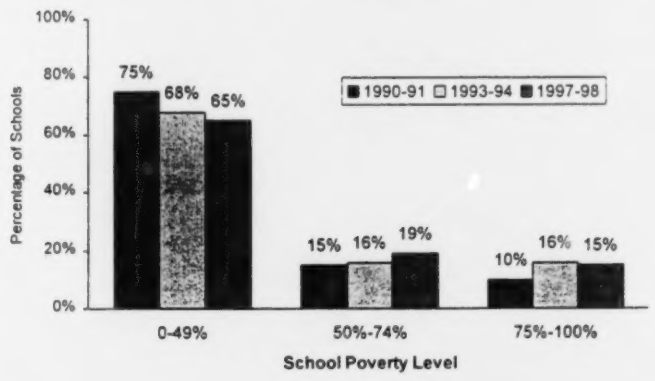

Exhibit reads: The proportion of all schools with poverty rates between 75 and 100 percent increased from 10 percent in 1990-91 to 15 percent in 1997-98.

Thus, changes in within-district targeting provisions went into effect during a period when there were increasing numbers of high-poverty schools and low-income students were becoming more concentrated in these high-poverty schools.

How Title I Funds are Distributed to Schools

Title I allocations are based primarily on the number and percentage of low-income children in each county, district, and school, although different measures of poverty are used. Historically, the Department of Education has allocated funds to the county level using poverty data provided by the Census Bureau, and states then suballocated those funds to school districts using the "best available" data on poor children in their state, which typically include data from the Census Bureau or from the free and reduced-price lunch program. Districts usually use data from the free and reduced-price lunch program in distributing Title I funds to schools.

Beginning with the FY 1999 allocations (which provide funds for the 1999-2000 school year), the Department will allocate Title I funds to the school district level — rather than to the county level — using updated (1996) census poverty estimates for school districts prepared by the Census Bureau. States will need to adjust these district allocations for any changes in school district boundaries since 1996, the existence of school districts not included in the Census Bureau data (such as charter schools), and to fund state set-asides for state administration and school improvement activities. In addition, states may elect to reallocate funds for districts with population of less than 20,000 persons using approved alternative data that they believe better captures the distribution of poor children in their state.

Allocations to counties and school districts. Title I funds are allocated to counties and school districts through two formulas, Basic Grants and Concentration Grants. Both of these formulas primarily use the number of poor children in each county or school district, adjusted for state average per-pupil expenditures, a factor intended to adjust for geographic differences in the cost of education.

Basic Grants are allocated to all counties and districts that have a minimum of 10 poor children and a poverty rate of at least 2 percent. Concentration Grants provide additional funds to counties and districts with higher concentrations of poor children, that is, to those with at least 15 percent poverty or 6,500 poor children. As of FY 1998, Concentration Grants amounted to 15 percent of total Title I funds.

Allocations to public schools. Once districts receive their Basic and Concentration Grant allocations, they merge the two funding streams and use as a single grant. Districts use these funds to make allocations to public schools, provide equitable services for students in private schools, and support district-wide programs and services.

In making allocations to public schools, districts must first determine which schools are eligible to receive Title I funds. In general, a school is eligible if its school attendance area has a poverty rate that is at least equal to the district average poverty rate or 35 percent (whichever is less). However, districts may choose to concentrate their Title I funds on their neediest schools and limit school eligibility to a poverty level that is higher than the district-wide average.

Schools with poverty rates of 50 percent or more may use their Title I funds for schoolwide programs that are designed to upgrade the entire educational program of the school. Title I schools that are not eligible for schoolwide programs, or that choose not to implement this option, may use their Title I funds to provide services to low-achieving students.

Equitable services for private school students. The law requires that Title I services be provided on an equitable basis to eligible private school students who reside in public school attendance areas that are above the district's poverty cutoff for Title I eligibility. To provide funding for these services, districts must reserve the amount of funds generated by poor private school children who reside in eligible public school attendance areas.

Recent Changes Affecting the School-Level Targeting of Title I Funds

During the 1994 reauthorization, several changes to Title I within-district allocation provisions were made in an effort to increase the concentration of funds on higher-poverty schools. In addition, the reauthorization included changes to eligibility for schoolwide programs and a new waiver authority intended to permit greater flexibility in the uses of Title I and other ESEA funds. Finally, Congress has recently increased the proportion of Title I funds appropriated for Concentration Grants in an effort to direct a greater share of the funds to higher-poverty districts and schools.

Changes to within-district allocation provisions. Under the antecedent Chapter 1 program, prior to the 1994 reauthorization, the amount of funds allocated to each school was based on the number of low-achieving students in each school, not the number of low-income students. Critics argued that this policy penalized schools that were successful in using their Chapter 1 funds to increase student achievement. Indeed, 13 percent of principals in elementary schools reported that they had lost Chapter 1 funds as a result of improved student performance.[4] Due to these concerns, the law was changed to require that school allocations be based on numbers of low-income students, not low-achieving students.

The reauthorization also removed or restricted previous exceptions to the general rule that schools must be above the district's poverty rate in order to receive Title I funds. Two provisions were eliminated: the "no wide variance" rule, which allowed districts to provide services to all schools if all schools in a grade span or the district as a whole were within five percentage points of the district average poverty rate, and the "grandfather" clause, which permitted districts to serve any school that was eligible and served in the previous year. A third provision, the "25 percent rule," which allowed districts to serve any school with a poverty rate of at least 25 percent, was modified to a "35 percent rule," thus eliminating eligibility for schools with poverty rates between 25 and 35 percent and below the district average.

Another change was to require districts to serve all schools with at least 75 percent poor students before serving any school below 75 percent poverty. Historically, districts have been permitted to make separate school allocations by grade span, and many districts used this option to restrict services to certain grades, typically elementary schools. As a result, higher-poverty secondary schools frequently went unserved while lower-poverty elementary schools received funds. The new requirement to serve schools above 75 percent poverty without regard to grade span was intended to ensure that funds were provided to a greater proportion of high-poverty middle and secondary schools.

Finally, a new provision was added concerning the size of school allocations. Districts are required to ensure that each participating Title I school receives an allocation per poor child that is at least 125 percent of the district's allocation per poor child. (However, this provision does not apply if all participating schools are at least 35 percent poor). The requirement is intended to prevent districts from spreading the funds too thinly across schools.

Waiver authority. New waiver provisions were added to ESEA during the 1994 reauthorization to allow greater flexibility for states and districts to adapt federal education programs to the educational needs of their students and communities. The Secretary of Education was given authority to waive requirements that hinder a state's or district's ability to meet the intent of ESEA. In addition, the Goals 2000: Educate America Act of 1994 established the Education Flexibility Partnership Demonstration Program (Ed-Flex) which allows the Secretary to delegate to up to twelve states the authority to waive certain statutory or regulatory requirements. These waiver authorities potentially affect the school-level targeting of Title I funds because they have been used to waive certain within-district allocation rules.

Schoolwide programs. The rationale for schoolwide programs is that improving the entire educational program in a high-poverty school may be more effective than targeted services for individual students in improving the achievement of educationally disadvantaged students. The reauthorization of ESEA lowered the eligibility threshold for schoolwide programs from a minimum of 75 percent poverty under the previous law to 60 percent in 1995-96 and to 50 percent in subsequent years.

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[4] Mary Ann Millsap, Marc Moss, and Beth Gamse, *The Chapter 1 Implementation Study Final Report: Chapter 1 in Public Schools* (Washington, DC: U.S. Department of Education, 1993).

Increased appropriations for Concentration Grants. While the Basic Grant formula has existed, essentially unchanged, since the beginning of the Title I program in 1965, Concentration Grants are a relatively new addition to the allocations process. Concentration Grants were first authorized in the 1978 amendments to Title I but initially were only used for three years (1979 through 1981). Concentration Grants were revived in 1989 and have since been used to allocate an increasing percentage of Title I funds, rising from 4 percent in 1989 to 10 percent in 1996 and 15 percent in 1998. Because Concentration Grants provide funding only to districts with relatively high concentrations of poor children (more than 6,500 or 15 percent poor children), increasing appropriations for these grants would tend to direct a greater share of the funds to districts with greater numbers of high-poverty schools.

Study Questions

This study examines the extent to which changes made in ESEA reauthorization affected the targeting of Title I funds at the school level. More specifically, the study examines the following issues:

- Are the funds concentrated more intensively on high-poverty schools? That is, are Title I funds going to fewer low-poverty schools and to a greater percentage of high-poverty schools? Do higher-poverty schools receive a larger share of the funds, and have they received a significant increase in funding as a result of the reauthorization changes?

- Are secondary schools, particularly high-poverty secondary schools, more likely to receive funds? Do secondary schools receive a larger share of the funds, and have they received a significant increase in funding as a result of the reauthorization changes?

- To what extent are waivers used for Title I within-district targeting, and what is the impact of these waivers on targeting?

- What is the level of funding in schoolwide programs compared with targeted assistance schools? Has the increase in use of the schoolwide option affected the distribution of funds?

- What percentage of district Title I funds is allocated for services to private school students? How were these allocations affected by changes in targeting provisions?

- What percentage of district Title I funds is allocated to schools? How do districts use funds retained at the district level?

Study Design

This study examines these questions using four types of data sources: extant data from four surveys conducted between 1990-91 and 1997-98, analysis of district records on Title I allocations to schools in a small sample of school districts, Title I state performance reports, and analysis of waivers of Title I targeting proisions.

- Extant survey data for nationally representative samples of schools. Four surveys are used: the Schools and Staffing Surveys (SASS) for 1990-91 and 1993-94, the Public School Survey on Education Reform in 1995-96, and the Follow-Up Public School Survey on Education Reform in 1997-98. These data provide a broad national picture of changes in the proportion of schools that receive Title I funds at different poverty and grade levels. [5]

- District records of Title I school selection and allocations. These data allow us to examine not only which schools receive Title I funds, but also the amount of funds these schools receive.

  - To examine change in school-level allocations after the 1994 reauthorization, this study obtained and analyzed district records from a purposive sample of 17 large urban school districts (containing 4,733 schools) for the 1994-95, 1995-96, and 1996-97 school years. Although these 17 districts are not nationally representative, they do account for a relatively large proportion (17 percent) of all Title I funds.

  - School allocation records from a national sample of 140 districts (containing 8,731 schools), collected by the Study of Education Resources and Federal Funding, are used to provide a national picture of the distribution of Title I funds among schools in 1997-98.[6]

- Title I state performance reports. State reports for 1990-91 through 1996-97 are used to examine changes in the number of schools implementing schoolwide programs.

- Analysis of Title I targeting waivers. Waivers granted by the Department of Education and by States under the Ed-Flex authority are examined to determine the extent to which they are used for Title I targeting provisions. Additional analyses of waivers granted by the Department of Education focus on their impact on the number of schools receiving Title I funds and the size of school allocations in the waiver districts.

In this report, school poverty levels are based on the percentage of students eligible for the free and reduced-price lunch program. The term "highest-poverty schools" is used to refer to schools where at least 75 percent of the students are eligible for free or reduced-price lunches. "High-poverty schools" include all schools at or above the 50 percent poverty level, and "low-poverty schools" include schools below 35 percent poverty.

A more detailed description of the study methodology is contained in Appendix A.

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[5] U.S. Department of Education, National Center for Education Statistics, *Schools and Staffing Surveys* for 1990-91 and 1993-94; Camilla Heid and Ann Webber, *School-Level Implementation of Standards-Based Reform: Findings from the Follow-Up Public School Survey on Education Reform* (Washington, DC: U.S. Department of Education, forthcoming in 1999).

[6] Jay Chambers, Joanne Lieberman, Tom Parrish, Daniel Kaleba, James Van Campen, and Stephanie Stullich, *Study of Education Resources and Federal Funding: Preliminary Report* (Washington, DC: U.S. Department of Education, 1999).

II. Targeting of Funds Among High- and Low-Poverty Schools

Certain changes made to within-district allocation provisions in the 1994 reauthorization might be expected to reduce Title I funding for low-poverty schools and to increase funding for high-poverty schools. Specifically, the tightening of school eligibility requirements to exclude schools below the district average poverty rate (unless the school has a poverty rate of 35 percent or more) was intended to reduce the number of low-poverty schools under 35 percent poor that receive Title I funds. The new requirement that districts serve all schools at or above 75 percent poverty before serving any schools below that poverty level was intended to increase the number of high-poverty schools — especially high-poverty middle and high schools — that receive Title I funds. The new school allocation minimum was intended to prevent districts from spreading their Title I funds thinly across a large proportion of their schools. Finally, the new requirement to allocate funds to schools based on their numbers of low-income students, rather than the number of low-achieving students, could have caused substantial shifts in the distribution of funds among schools.

This chapter assesses the impact of reauthorization on targeting by examining changes in the proportion of high- and low-poverty schools that receive Title I funds, based on a series of nationally representative surveys of schools. Using more detailed data on school allocations from a purposive sample of 17 large urban districts, we then examine changes in the amount of Title I funds that their schools receive.

Proportion of High- and Low-Poverty Schools that Receive Title I Funds

The proportion of high-poverty schools receiving Title I funds increased significantly after the 1994 reauthorization, while the proportion of low-poverty schools receiving these funds declined. Nearly all (95 percent) of the highest-poverty schools (those with poverty rates of 75 percent or higher) received Title I funds in 1997-98, up from 79 percent in 1993-94. Over the same period, the proportion of low-poverty schools (less than 35 percent poor) receiving Title I funds declined from 49 percent to 36 percent (Exhibit 2.1).

Exhibit 2.1
Change in Proportion of Highest-Poverty and Low-Poverty Schools that Receive Title I Funds, 1993-94 to 1997-98

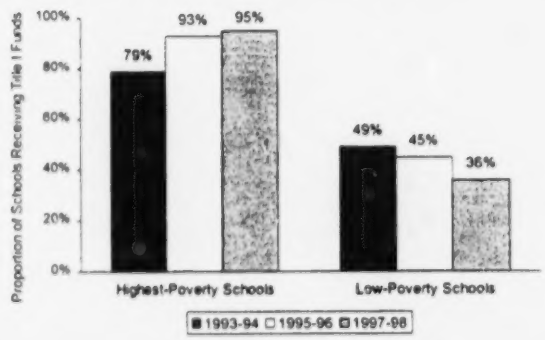

Exhibit reads: The proportion of the highest-poverty schools receiving Title I funds increased from 79 percent in 1993-94 to 95 percent in 1997-98, while the proportion of low-poverty schools receiving such funds declined.

Overall, the proportion of all schools receiving Title I funds declined slightly, from 62 percent in 1993-94 to 58 percent in 1997-98.

Most of the increase for high-poverty schools occurred immediately after the reauthorization changes went into effect and the proportion of schools served had risen to 93 percent by 1995-96. In contrast, most of the decrease for low-poverty schools took a little longer; there was only a slight reduction in the proportion of schools served in 1995-96 with a much more substantial reduction becoming evident by 1997-98.

Prior to the 1994 reauthorization, schools with moderate poverty rates were nearly as likely to receive Title I funds as the highest-poverty schools. In 1993-94, Title I funds went to 79 percent of schools between 75 and 100 percent poverty and 72 percent of schools between 35 and 49 percent poverty (Exhibit 2.2).

Exhibit 2.2
Change in Proportion of Schools that Receive Title I Funds, by School Poverty Level, 1993-94 to 1997-98

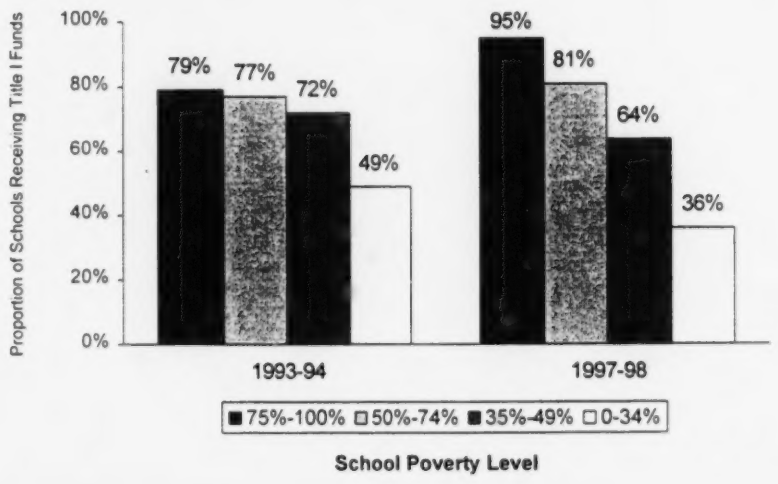

Exhibit reads: In 1997-98, schools with higher poverty rates were much more likely to receive Title I funds than schools with lower poverty rates, in contrast to 1993-94 when schools with moderate poverty rates were nearly as likely to receive Title I funds as the highest-poverty schools.

By 1997-98, however, schools with higher poverty rates were much more likely to receive Title I funds than schools with lower poverty rates. In that year, Title I funds were serving 95 percent of the schools between 75 and 100 percent poverty, 81 percent of schools between 50 and 74 percent poverty, 64 percent of schools between 35 and 49 percent poverty, and only 36 percent of the low-poverty schools.

The sample of 17 large districts that this study examines in greater detail showed a similar but more pronounced trend. In 1994-95, before the new targeting provisions took effect, these districts were already concentrating Title I services more intensively than school districts nationally, serving only 24 percent of their low-poverty schools and 93 percent of their high-poverty schools. One year later, the proportion of low-poverty schools receiving Title I funds in these districts had dropped by more than half, to 10 percent, while the proportion of high-poverty schools being served rose to 97 percent.

In 1997-98, for the first time, half (50 percent) of all Title I schools had poverty rates of 50 percent or more, up from 41 percent of Title I schools prior to reauthorization (1993-94). Over the same period, the proportion of Title I schools that had low poverty levels declined from 42 percent to 30 percent.

Exhibit 2.3
Distribution of Title I Schools, by School Poverty Level, 1993-94 to 1997-98

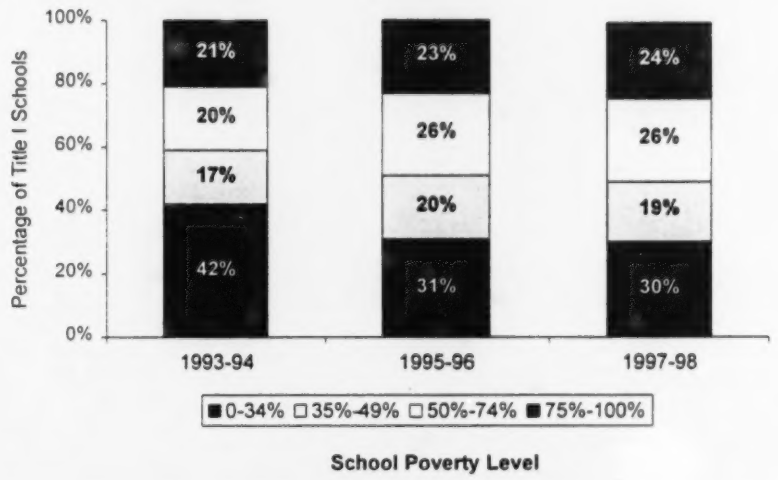

Exhibit reads: The proportion of all Title I schools with poverty rates of 75 percent or higher rose from 21 percent in 1993-94 to 24 percent in 1997-98.

Distribution of Funds Among High- and Low-Poverty Schools

The previous analysis used information from nationally representative samples of school districts to examine changes in the proportions of high- and low-poverty schools that receive Title I funds. However, to better understand school-level targeting, we also need to examine the distribution of Title I funds among schools. This information is more difficult to obtain, because it requires collecting more detailed data on the amount of Title I funds allocated to each school.

Title I funds are more concentrated on high-poverty schools than the distribution of Title I schools would suggest, according to preliminary data from a nationally representative sample of 140 school districts from the Study of Education Resources and Federal Funding. The highest-poverty schools received nearly half (46 percent) of Title I funds in the 1997-98 school year, although they accounted for only 27 percent of Title I schools. Schools with poverty of 50 percent or more received nearly three-quarters (73 percent) of Title I funds although they accounted for only half (52 percent) of Title I schools. In contrast, low-poverty schools (with poverty rates below 35 percent) received only 18 percent of the funds, although they accounted for one-third (33 percent) of Title I schools.

Exhibit 2.4
Distribution of Title I Schools and Title I Funds, by School Poverty Level, 1997-98

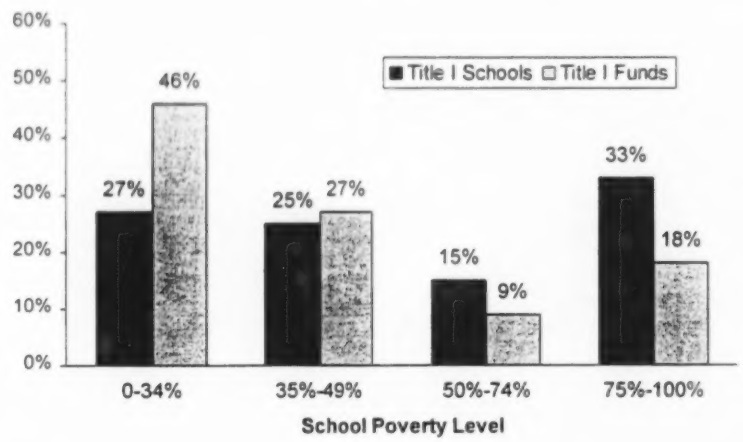

Exhibit reads: The highest-poverty schools account for 27 percent of Title I schools but receive 46 percent of Title I funds.

24

The following analysis examines changes in the distribution of Title I funds in a purposive sample of 17 large urban school districts that provided data on their Title I allocations to schools over a three-year period from 1994-95 (the year before the reauthorization changes went into effect) to 1996-97. Although this sample is not nationally representative, these 17 large districts include many of the nation's largest school districts and account for a relatively high proportion (17 percent, coincidentally) of all Title I funds.

The distribution of Title I funds among high- and low-poverty schools in these 17 districts does differ significantly from the national distribution. In these 17 districts, the highest-poverty schools received 75 percent of Title I funds (in 1996-97), compared with 46 percent of Title I funds nationally (in 1997-98). In contrast, schools with poverty rates of 50 percent or lower received only 1 percent of Title I funds in these 17 districts, compared with 27 percent nationally (Exhibit 2.5).

Exhibit 2.5
Distribution of Title I Funds, by School Poverty Level, Across Nation and Within 17 Large Urban School Districts

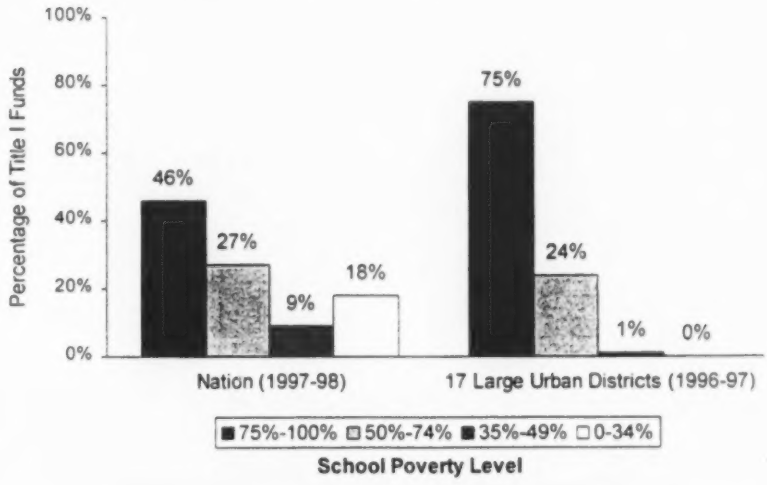

Exhibit reads: The highest-poverty schools receive 46 percent of Title I funds nationally, but they receive a much greater share (75 percent) in the sample of 17 large urban districts that is examined in greater depth in this study.

In part this is because the highest-poverty schools account for a greater percentage of all schools in these 17 urban districts (46 percent, compared with 15 percent nationally). In addition, these urban districts tend to target funds more intensively to their highest-poverty schools, serving a smaller proportion of their low-poverty schools and providing larger allocations to their higher-poverty schools.

Size of School Allocations

Overall, Title I schools received an average allocation of $472 per low-income student. However, this underestimates total school-level spending for Title I, because 16 percent of Title I funds are used for districtwide programs and services related to instruction and instructional support -- services that affect teachers and students in schools throughout the district, although they are not allocated to individual schools. These districtwide instruction-related services include teachers and instructional support staff who serve more than one school, districtwide preschool and summer school programs, and professional development (but not program administration). In addition, because the allocation data are based on FY97 appropriations, the average allocation amounts may seem low compared to current (FY99) appropriations levels, which are 7 percent higher than in FY97. If the school allocation estimates are adjusted to take both of these factors into account, the average school funding level rises from $472 to $613 per low-income student for the 1999-2000 school year.

Although low-poverty schools are less likely to receive Title I funds, those that are funded tend to receive substantially larger allocations per low-income student compared with higher-poverty schools. According to the Study of Education Resources and Federal Funding, low-poverty schools received $773 per low-income student in 1997-98, on average, compared with $475 in the highest-poverty schools (Exhibit 2.6).

Exhibit 2.6
Size of School Title I Allocations, by School Poverty Level, Across Nation and Within 17 Large Urban School Districts

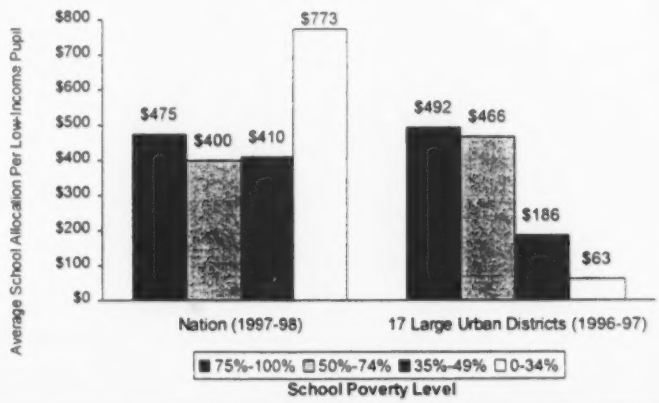

Exhibit reads: Nationally, low-poverty schools received larger allocations ($773) than the highest-poverty schools ($475). However, in the sample of 17 large districts, the pattern was reversed, and the highest-poverty schools received the highest funding levels.

In the 17 urban districts, the pattern was reversed: the highest-poverty schools received much larger allocations per low-income student ($492) than did low-poverty schools ($63). This pattern was also true (although less dramatic) for the largest districts in the nationally representative sample of districts. It is the small districts in the national sample that tend to have large allocations for low-poverty schools, and these districts account for 74 percent of the Title I funds allocated to low-poverty schools (but only 36 percent of the funds allocated to the highest-poverty schools).

Indeed, some of the districts in the sample of 17 urban districts provided substantially higher per-pupil allocations in their highest-poverty schools, with several funding levels corresponding to varying school poverty levels. For example, one district gave $1,075 per pupil to schools with 85 percent poverty or above, $806 to schools with poverty of 75 to 85 percent, $538 to schools with poverty of 50 to 75 percent, and $269 to schools with poverty of 35 to 50 percent. Six other districts provided school allocations ranging from $979 in high-poverty schools to $105 in low-poverty schools, $829 to $296, $782 to $454, $700 to $410, $515 to $267, and $235 to $185. These districts are targeting their Title I funds more intensively on their poorest schools than is required under the Title I statute.

However, some districts reported school allocations per pupil that showed some lower-poverty schools receiving much higher allocations than other schools in the district with higher poverty rates. For example, one district reported allocations for its seven highest-poverty schools (in rank order) of $825, $961, $968, $1,064, $1,101, $770, and $1,055, while its seven lowest-poverty schools received allocations of $612, $583, $650, $1,159, $1,061, $1,044, and $544. This suggests that some school districts may be out of compliance with the Title I statutory requirement that districts allocate funds to schools "in rank order, on the basis of the total number of children from low-income families in each area or school."[7] The Title I Policy Guidance clarifies: "An LEA is not required to allocate the same per-child amount to each area or school. However, the LEA must allocate a higher per-child amount to areas or schools with higher poverty rates than it allocates to areas or schools with lower poverty rates."[8] It may be that some districts do not understand that the rank-order requirement applies to the amount of funds allocated to each school as well as to the determination of school eligibility.

Change in the Distribution of Title I Funds Among High- and Low-Poverty Schools

In the 17 urban districts, there was a definite shift of Title I funds after reauthorization, away from low-poverty schools and toward high-poverty schools. The total amount of funds received by low- and moderate-poverty schools fell substantially from 1994-95 to 1996-97 — by 87 percent for schools under 35 percent poor and by 51 percent for schools between 35 and 49 percent poor. At the same time, funding for high-poverty schools rose — by 16 percent for schools over 75 percent poor and by 20 percent for schools between 50 and 74 percent poor (Exhibit 2.7).

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[7] Section 1113(c)(1).

[8] U.S. Department of Education, *Title I Policy Guidance*.

Exhibit 2.7
Percentage Change in Title I Allocations for High- and Low-Poverty Schools in 17 Large Urban Districts, 1994-95 to 1996-97

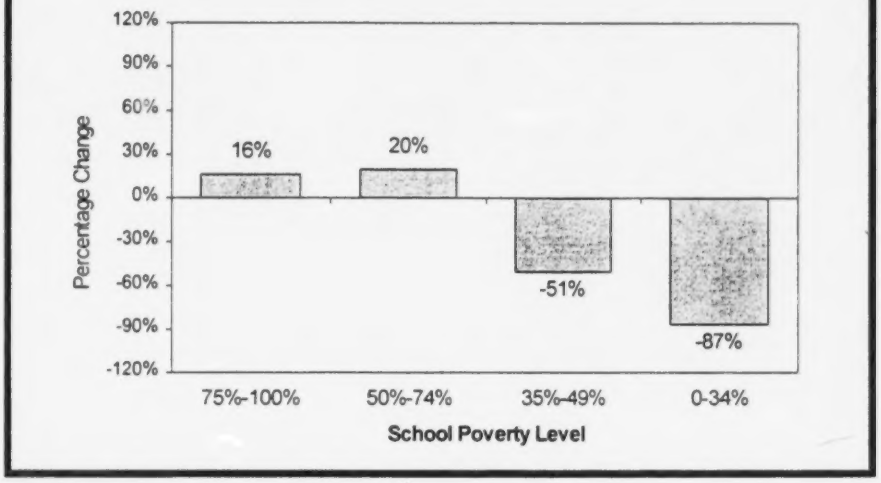

Exhibit reads: In the 17 urban districts, Title I funding for high-poverty schools rose 16 to 20 percent from 1994-95 to 1997-98, while low-poverty schools experienced a substantial decline in Title I funding.

The increases in funding for the high-poverty schools resulted, however, less from the change in targeting than from increases in total Title I funding for schools in the 17 urban districts. Low-poverty schools received a very small percentage of Title I funds in these districts (1.5 percent) prior to reauthorization, so redirecting most of their Title I funds to other schools shifted a small proportion of total Title I funds in these districts. Total allocations for low-poverty schools in the 17 districts fell from $14 million in 1994-95 to $2 million (0.2 percent of total funds) two years later. At the same time, total school allocations in these districts rose by $118 million. Thus, of the $142 million increase in Title I funding for schools over 50 percent poor, $118 million came from increased funding and $22 million was redirected from lower-poverty schools. However, because low-poverty schools receive a much larger proportion of Title I funds nationally (27 percent in 1997-98), redirecting Title I funds from low-poverty schools may have had a more substantial impact on allocations for high-poverty schools in other districts.

Change in Size of School Allocations

Although increases in targeting have increased the amount of Title I funds allocated to high-poverty schools, they have not necessarily increased the intensity of services. In the 17 large school districts, the size of school allocations in high-poverty schools was essentially unchanged over the three-year period (Exhibit 2.8). This finding suggests that, in these districts, the growth in total funding and the redirection of some funds away from low-poverty schools were used to support Title I programs in newly-funded schools rather than to increase the intensity of services in existing Title I programs. Another way of looking at this finding is that these districts were able to increase the number of high-poverty schools receiving Title I funds without diluting the level of funding provided to high-poverty schools.

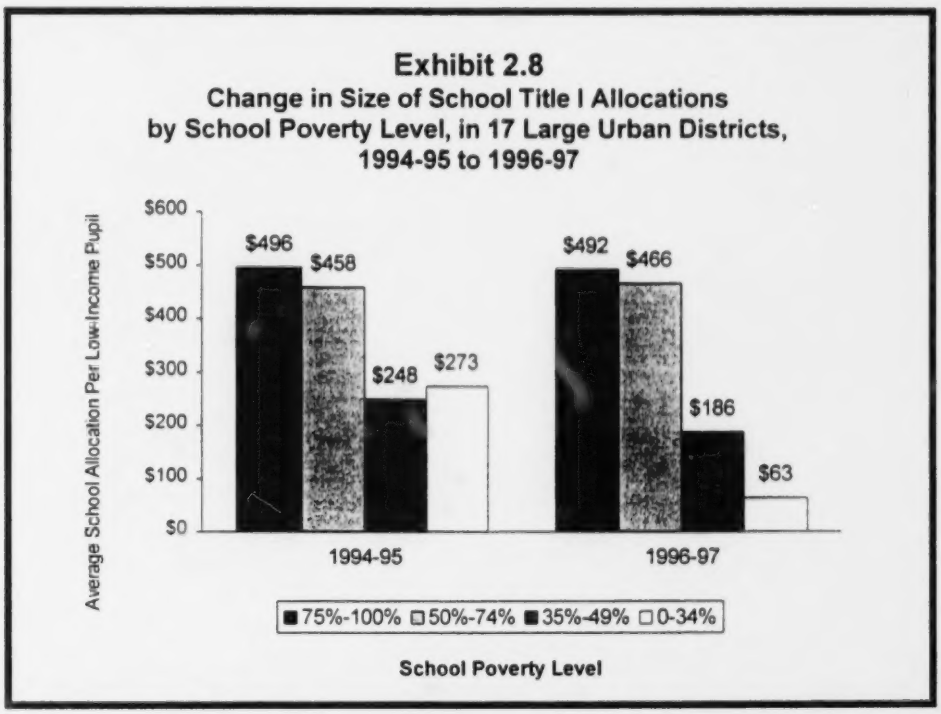

Exhibit reads: In the 17 urban districts, low-poverty Title I schools received an average allocation of $63 per low-income student in 1996-97, down from $273 in 1993-94.

Low-poverty schools experienced substantial reductions in their per-pupil allocations, from an average of $273 in 1994-95 to $63 in 1996-97 (Exhibit 2.8). Thus, in these 17 districts, low-poverty schools were not only less likely to receive Title I funds after the reauthorization changes took effect, but if they did continue to receive Title I funds it was probably at a much lower funding level.

Summary

School-level targeting increased significantly after the 1994 reauthorization, with a substantial increase in the proportion of high-poverty schools receiving Title I funds and a substantial decrease in the proportion of low-poverty schools receiving these funds.

In 1997-98, the highest-poverty schools received nearly half (46 percent) of Title I funds in the 1997-98 school year, much higher than their proportion of Title I schools (27 percent). Low-poverty schools received a share of the funds (18 percent) that is well below their proportion of Title I schools (33 percent). However, low-poverty schools tend to receive substantially larger allocations per low-income student ($773) compared with the highest-poverty schools ($475).

Longitudinal funding data from the 17 large districts show a shift in Title I funds since the 1994 reauthorization away from low-poverty schools and towards schools with higher poverty levels. However, the fact that per-pupil allocations for the highest-poverty schools remained essentially unchanged suggests that the increased funding for high-poverty schools supported Title I programs in newly-funded schools rather than a greater intensity of services in existing Title I programs.

III. Title I Funding for Secondary Schools

Evaluations of the antecedent Chapter 1 program had found that high-poverty secondary schools often did not receive any Title I funds even though elementary schools in the same district with much lower poverty rates were funded. This occurred because many districts preferred to focus their Title I funds on an early intervention strategy and allocated these funds exclusively to elementary schools.

This was in fact the primary reason for the new requirement that districts serve all schools at or above 75 percent poverty before serving any schools below that poverty level. This change was expected to increase Title I funding for secondary schools, particularly those with high poverty rates. In addition, other changes in targeting provisions that were not specifically directed at secondary schools may also have affected the distribution of Title I funds among elementary and secondary schools, as well as among secondary schools with different poverty levels.

This chapter assesses changes in Title I funding for secondary schools by examining changes in the proportion of elementary and secondary schools that receive Title I funds, based on a series of nationally representative surveys of schools.[9] Using more detailed data on school allocations from a purposive sample of 17 large urban districts, we examine changes in the amount of Title I funds that these schools receive.

Secondary Schools' Participation in Title I

Secondary schools are less likely than elementary schools to receive Title I funds. Secondary schools accounted for 23 percent of all schools in 1997-98, but only 11 percent of Title I schools (Exhibit 3.1).

Exhibit 3.1
Distribution of Schools and Title I Schools, by School Grade Level, 1997-98

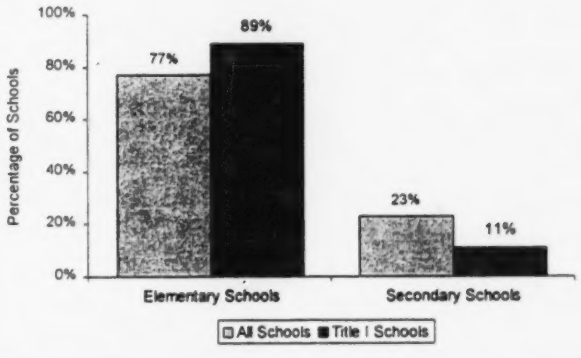

Exhibit reads: Secondary schools account for 23 percent of all schools but only 11 percent of Title I schools.

[9] The analysis of Title I funding by grade level focus on elementary and secondary schools and does not include schools that combine elementary and secondary grades. These combined schools account for only 3 percent of all schools.

The percentage of all secondary schools receiving Title I funds declined from 36 percent in 1993-94 to 29 percent in 1997-98 (Exhibit 3.2). The percentage of elementary schools receiving Title I funds also declined, but at a lesser rate. As a result, the percentage of Title I schools that are secondary schools declined over the period, from 15 percent in 1993-94 to 11 percent in 1997-98.

Exhibit 3.2
Change in Proportion of Schools That Receive Title I Funds, by School Grade Level, 1993-94 to 1997-98

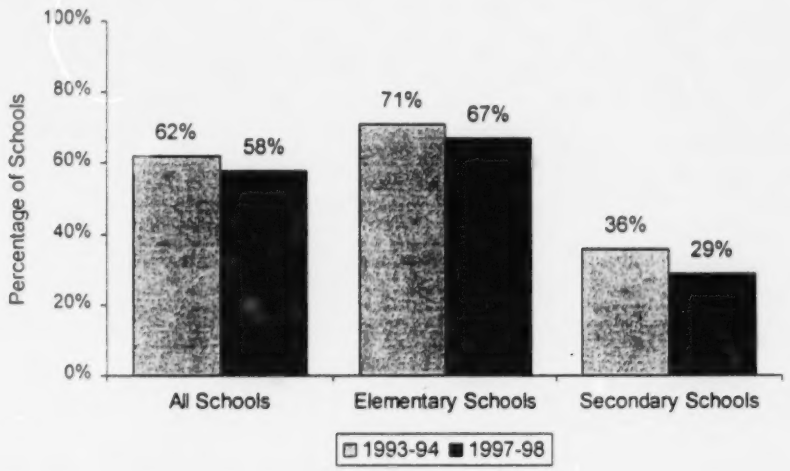

Exhibit reads: The percentage of secondary schools that received Title I funds declined from 36 percent in 1993-94 to 29 percent in 1997-98.

However, the percentage of the highest-poverty secondary schools receiving Title I funds rose markedly after reauthorization, from 61 percent in 1993-94 to 74 percent in 1995-96 and 93 percent in 1997-98 (Exhibit 3.3). By 1997-98, nearly all of the highest-poverty secondary schools (those with poverty rates of 75 percent or more) were receiving Title I funds (as is the case with the highest-poverty *elementary* schools).

Exhibit 3.3
Change in Proportion of the Highest-Poverty Secondary Schools that Receive Title I Funds, 1993-94 to 1997-987

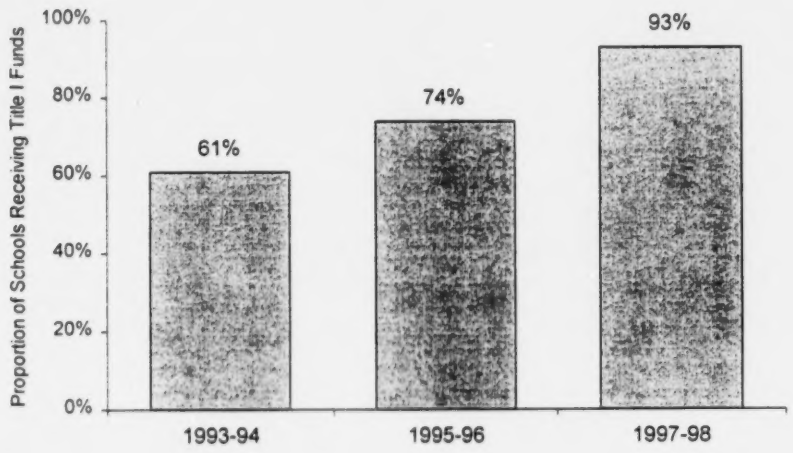

Exhibit reads: The percentage of the highest-poverty secondary schools receiving Title I funds rose from 61 percent in 1993-94 to 93 percent in 1997-98.

Prior to reauthorization, higher-poverty secondary schools were considerably more likely to receive Title I funds compared with lower-poverty secondary schools, in contrast to the pattern shown for all schools (see Chapter 2). In 1993-94, Title I funds went to 61 percent of the highest-poverty secondary schools but only 43 percent of moderate-poverty secondary schools (between 35 and 49 percent poverty) and 29 percent of low-poverty secondary schools (Exhibit 3.4), compared with 79 percent, 72 percent, and 49 percent, respectively, of *all* schools.

After the 1994 reauthorization, the emphasis on focusing Title I funds on the highest-poverty secondary schools became even more pronounced. By 1997-98, the proportion of the highest-poverty secondary schools served had risen to 93 percent while the proportion of low-poverty secondary schools served had fallen to 18 percent (Exhibit 3.4).

Exhibit 3.4
Change in Proportion of Secondary Schools that Receive Title I Funds, by School Poverty Level, 1993-94 to 1997-98

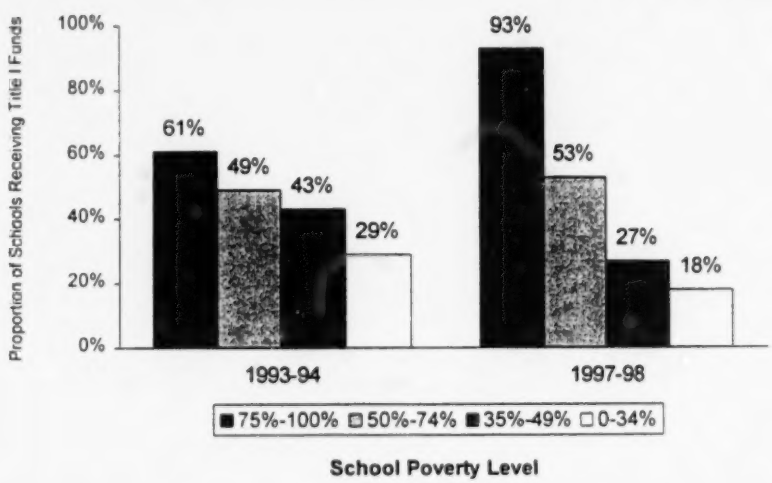

Exhibit reads: In 1993-94, Title I funds went to 61 percent of the highest-poverty secondary schools and 29 percent of low-poverty secondary schools. By 1997-98, the proportion of the highest-poverty schools served had risen to 93 percent while the proportion of low-poverty schools served had fallen to 18 percent.

Amount of Funds Allocated to Secondary Schools

Secondary schools account for 33 percent of low-income students (and 44 percent of all students) but receive only 16 percent of Title I funds, according to preliminary data from a sample of 140 districts from the Study of Education Resources and Federal Funding. Secondary schools are not only less likely than elementary schools to receive Title I funds (see Exhibit 3.1), they also receive substantially smaller allocations (averaging $372 per low-income student, compared with $495 in elementary schools). However, the highest-poverty secondary schools receive funding levels ($446 per low-income student) that are similar to those in the highest-poverty elementary schools ($479).[10]

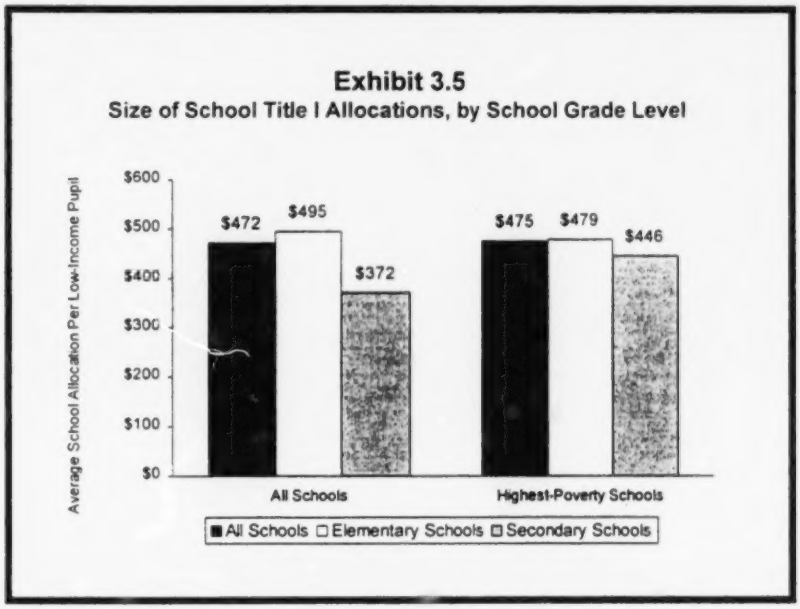

Exhibit reads: Secondary schools receive smaller allocations ($372 per low-income pupil) than elementary schools ($495), but the highest-poverty secondary schools received similar funding levels ($446) as in the highest-poverty elementary schools ($479).

The following analysis examines changes in the distribution of Title I funds among elementary and secondary schools in the sample of 17 large urban school districts from 1994-95 to 1996-97.

After reauthorization, secondary schools in the 17 urban districts experienced a 43 percent increase in funding (from 1994-95 to 1996-97). At the same time, elementary schools also experienced a 10 percent increase in Title I funding (Exhibit 3.6). Because secondary schools receive a relatively small share of total Title I funds in these districts, it was possible to provide substantial percentage increases to these schools while still providing increased funding for elementary schools.

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[10] Jay Chambers, Joanne Lieberman, Tom Parrish, Daniel Kaleba, James Van Campen, and Stephanie Stullich, *Study of Education Resources and Federal Funding: Preliminary Report* (Washington, DC: U.S. Department of Education, 1999).

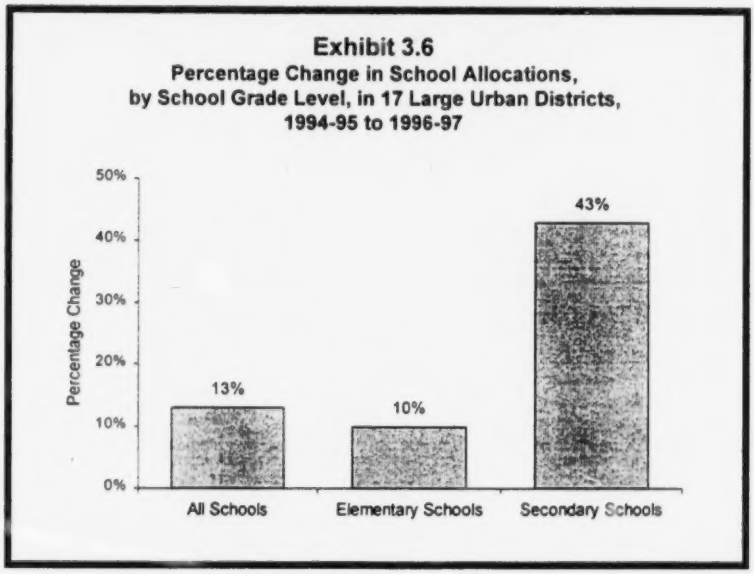

Exhibit reads: In a sample of 17 large urban districts, Title I allocations for secondary schools increased by 43 percent, compared with a 10 percent increase for elementary schools.

The overall 43 percent increase for secondary schools reflected larger increases for higher-poverty secondary schools, while lower-poverty groups of secondary schools experienced substantial declines in total Title I funds. The highest-poverty schools saw a 66 percent increase in funding, with a 93 percent increase for schools with 50 to 74 percent poverty and decreases of 41 percent and 91 percent for moderate- and low-poverty schools, respectively (Exhibit 3.7).

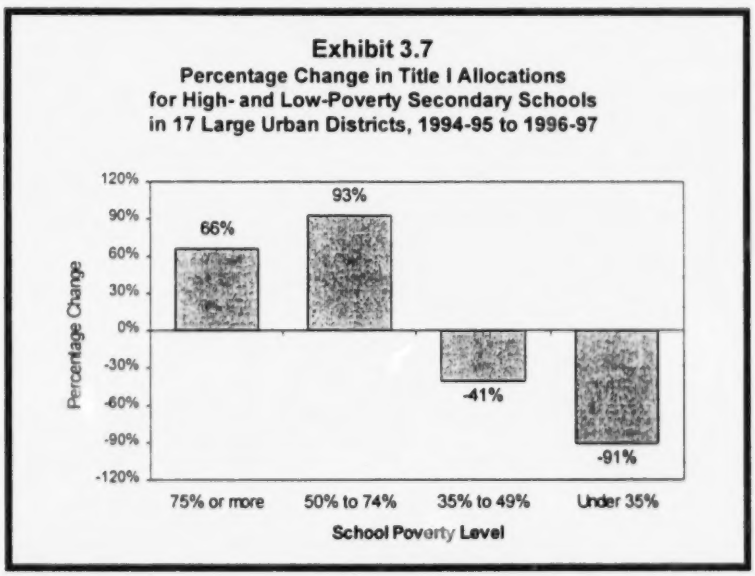

Exhibit reads: In the 17 urban districts, the highest-poverty secondary schools saw a 66 percent increase in Title I funding from 1994-95 to 1996-97, while low-poverty secondary schools saw a 91 percent reduction.

The size of allocations for secondary schools in these 17 districts rose by 13 percent from 1994-95 to 1996-97, from $356 to $401, while elementary schools allocations per pupil remained unchanged at $487 (Exhibit 3.8). Secondary schools received about 18 percent less per low-income student than elementary schools in 1996-97, down from a 27 percent difference in 1994-95.

Exhibit 3.8
Change in Size of School Title I Allocations by School Grade Level, in 17 Large Urban Districts, 1994-95 to 1996-97

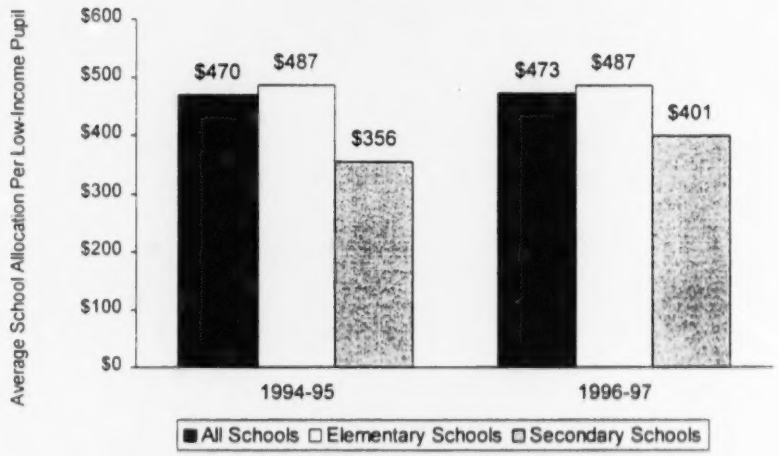

Exhibit reads: In the 17 urban districts, the average allocation for secondary schools rose from $356 per low-income student in 1994-95 to $401 in 1996-97.

However, these averages mask significant differences in per-pupil allocations for high- and low-poverty secondary schools. The greatest increase was for the highest-poverty secondary schools, where allocations rose from $416 per low-income student in 1994-95 to $496 in 1996-97 – a 19 percent increase – while average allocations for low-poverty secondary schools declined from $297 to $38 (Exhibit 3.9).

Exhibit 3.9
Change in Size of Title I Allocations for Secondary Schools by School Poverty Level, in 17 Large Urban Districts, 1994-95 to 1996-97

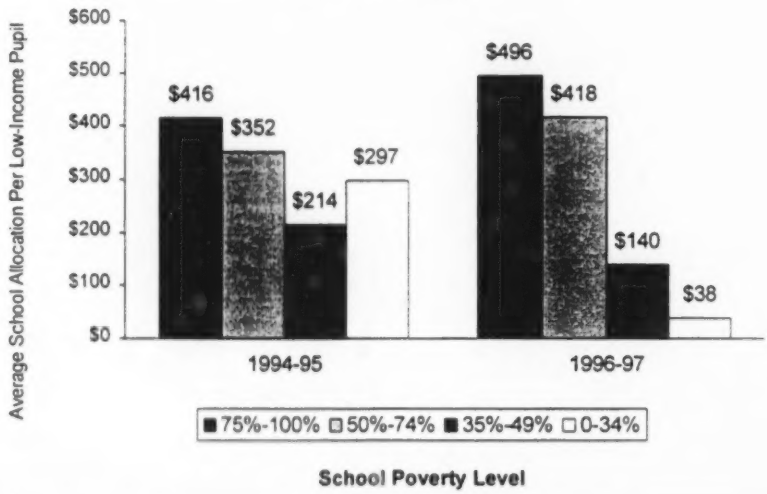

Exhibit reads: In the 17 urban districts, allocations for the highest-poverty secondary schools rose from $416 per low-income pupil in 1994-95 to $496 in 1996-97.

Summary

Secondary schools are less likely than elementary schools to receive Title I funds and, if funded, tend to receive smaller allocations per low-income pupil. Secondary schools receive 15 percent of total Title I funds allocated to schools, although they enroll 33 percent of the low-income students.

However, the highest-poverty secondary schools are nearly as likely to receive Title I funds (93 percent) as the highest-poverty elementary schools (95 percent). Similarly, funding levels in the highest-poverty secondary schools ($446 per low-income student) are about the same as in the highest-poverty elementary schools ($479).

Secondary schools were less likely to participate in Title I in 1997-98 (29 percent of secondary schools) than they were prior to the 1994 reauthorization (36 percent in 1993-94). However, longitudinal funding data from the 17 large districts suggest that secondary schools' share of the funds may have increased. In those districts, Title I funding for secondary schools rose from 1994-95 to 1996-97 by 43 percent for secondary schools overall and by 66 percent for the highest-poverty secondary schools.

IV. Impact of Waivers on School-Level Targeting

New waiver provisions were authorized under ESEA, Goals 2000, and the School-to-Work Opportunities Act in order to give states and school districts more flexibility to adapt Title I and other federal education programs to the educational needs of their students and communities. States or school districts may apply to the Secretary of Education for waivers of specific provisions of the statute or regulations. In addition, 12 states have been granted the authority to grant waivers of federal requirements to their school districts under the "Ed-Flex" program.

This chapter examines the extent to which the new waiver provisions are being used to obtain exceptions to Title I within-district targeting requirements, and the impact of these waivers on targeting. This analysis covers all waivers reviewed by the U.S. Department of Education for the first three school years since the new waiver provisions went into effect (1995-96 through 1997-98), as well as waivers described in the annual reports submitted by Ed-Flex states for waivers granted in 1996 and 1997.

Use of Waiver Authority for Title I Targeting

Since the enactment of the waiver provisions, a total of 746 waivers of statutory requirements have been granted either by the U.S. Department of Education or by Ed-Flex states (Exhibit 4.1). Ed-Flex waiver requests accounted for about two-thirds (68 percent) of all waivers.

Exhibit 4.1
Waivers of Statutory Requirements [11]

	Total	Targeting	Schoolwides	Title II	Other
Total Waivers	**746**	**220**	**280**	**193**	**53**
Federal Waivers	**242**	**134**	**48**	**14**	**46**
1995-96	103	87	4	5	10
1996-97	43	21	13	6	4
1997-98	89	26	31	3	32
Ed-Flex Waivers	**504**	**86**	**232**	**179**	7
1996	346	60	144	138	4
1997	158	26	88	41	3

Of the 746 federal and Ed-Flex waivers, one-third (220, or 29 percent) concerned Title I within-district targeting provisions. Most of the remaining waivers were to allow schools with poverty rates below the statutory eligibility threshold to operate schoolwide programs (38 percent of all waivers) or to relax restrictions on the use of Title II funds in order to support professional development in subject areas other than math and science or to eliminate a local cost sharing requirement (26 percent).

[11] This analysis does not include certain statewide waivers granted by Texas and Ohio. Texas granted statewide waivers of four administrative (regulatory) provisions to 559 districts in 1996 and 390 in 1997. Ohio granted a statewide waiver permitting Title I schoolwide programs in schools with poverty rates of 35 percent or more; Ohio estimated that there are about 300 schools with poverty rates between 35 and 50 percent that could implement schoolwide programs under this waiver, but the state did not provide information on the number of schools that have done so.

At the federal level, targeting waivers were much more common in the first year after reauthorization (87 waivers were granted for 1995-96, compared with 21 for 1996-97), suggesting that in many cases waivers were requested and approved to ease the transition to new targeting provisions. However, many of the waivers granted for 1995-96 were for three years, so there may be an increase in targeting waivers in 1998-99 if these districts re-apply for waivers.

Almost all (94 percent) of the Ed-Flex waivers occurred in four of the ten Ed-Flex states – Texas, Ohio, Kansas, and Massachusetts – and Texas and Ohio accounted for 87 percent of the Ed-Flex waivers (Exhibit 4.2). Ed-Flex targeting waivers predominantly occurred in Texas (which granted 70 of the 86 Ed-Flex targeting waivers).

Exhibit 4.2
Ed-Flex Waivers of Statutory Requirements:
Number of Districts Receiving Ed-Flex Waivers in 1996 and 1997, by State

	Total	1996	1997
Colorado	7	1	6
Illinois	1	0	1
Iowa	0	0	0
Kansas	20	14	6
Maryland	7	1	6
Massachusetts	13	6	7
Michigan	0	0	0
New Mexico	1	0	1
Ohio*	67	67	*
Oregon	3	1	2
Texas	375	253	122
Vermont	10	3	7
All	504	346	158

Note: In Ohio, an unknown number of additional districts may have used the statewide waiver permitting schoolwide programs in schools below 50 percent poverty.

Title I targeting waivers were more common at the federal level than in the Ed-Flex states. Of the total of 220 targeting waivers, 134 were granted by the U.S. Department of Education and 86 were granted by Ed-Flex states. Targeting waivers accounted for 55 percent of federal waivers and 17 percent of Ed-Flex waivers (Exhibit 4.3). Ed-Flex waivers accounted for 39 percent of targeting waivers, compared with 68 percent of all waivers.

Exhibit 4.3
Share of Waivers Pertaining to Title I Targeting, School Years 1995-96, 1996-97, and 1997-98

	Total Waiver Requests	Ed-Flex Waiver Requests	Federal Waiver Requests			
			All Federal	1995-96	1996-97	1997-98
Total waivers	746	504	242	103	43	89
Title I targeting waivers	220	86	134	87	21	26
Percent of all waivers	29%	17%	55%	84%	49%	29%
Percent of Title I targeting waiver *requests* that were approved	89%	100%	85%	88%	70%	90%

Exhibit reads: Targeting waivers are more prevalent among federal waiver requests (55 percent) than among Ed-Flex waivers (17 percent). Targeting waivers declined from 84 percent of federal waiver decisions in 1995-96 to 29 percent in 1997-98.
Note: Analysis of Ed-Flex waivers is based on state reports of waivers granted in 1996 and 1997.

Nearly all requests to waive Title I targeting provisions were approved (89 percent). However, the approval rate for targeting waivers was slightly lower than for all waivers (94 percent). Ed-Flex states approved all of their Title I targeting waiver requests, while the U.S. Department of Education approved 85 percent.

Types of Title I Targeting Waivers

This analysis is based on 149 targeting waiver requests reviewed by the Department of Education. Targeting waiver requests cover four types of actions that are not generally permissible under Title I law: to serve schools that are not eligible, to skip schools that are eligible while serving schools with lower poverty rates, to give larger per-pupil allocations to some schools with lower poverty rates, and to make school allocations below the statutory minimum of 125 percent of the district's per-pupil allocation. Some districts' waiver requests include more than one of these actions.

Requests to serve ineligible schools were by far the most common types of Title I waiver requests, both approved and disapproved; 106 districts (71 percent of all targeting waiver requests) requested waivers for this purpose (Exhibit 4.4). Requests to serve ineligible schools were often accompanied by requests to provide schools with allocations that were less than 125 percent of the district per-pupil allocation (44 districts, or 30 percent of targeting waiver requests); however, in many cases districts were able to serve ineligible schools without going below the 125 percent minimum (often by choosing not to serve high schools and middle schools).

Exhibit 4.4
Title I Targeting Waiver Requests,
1995-96 to 1997-98

Type of Waiver Action	Total	1995-96	1996-97	1997-98
Serve ineligible schools	106	68	20	18
Make school allocations below 125% minimum	44	36	5	3
Give higher allocations to lower-poverty schools	32	22	6	4
Skip eligible schools	18	10	5	3
Total number of proposed actions requiring waivers	200	136	36	28
Total number of districts requesting waivers	149	98	29	22

Note: The total number of proposed actions requiring waivers is greater than the number of districts requesting waivers because some districts' waiver requests pertained to more than one provision of the law.

A smaller number of districts (32 districts, or 21 percent) requested waivers of the rule that no school can receive a higher per-pupil allocation than another school with a higher poverty rate. Relatively few requests involved skipping some eligible schools (18 districts); examples included cases where the skipped school would be eligible for only one year.

Impact of Waivers on Title I Targeting

This report examines the impact of Title I targeting waivers based on 91 approved federal targeting waivers. This analysis does not include 31 'transition' waivers and 11 waivers for districts operating under desegregation plans. Transition waivers were typically granted to meet school districts' requests for planning time (usually one year) to implement changes in the law, to enable the district to complete a longitudinal study of their program's effectiveness, or for other temporary reasons; thus, these waivers were intended to apply for a limited period of time and are not likely to be repeated in future years. Waivers for districts operating under desegregation orders were excluded because the law establishes special standards for approving waivers of the school eligibility and allocation rules for such districts.

Schools affected by targeting waivers amount to a small proportion of all Title I schools nationally. In 1995-96, the total number of Title I schools in districts with federal targeting waivers (312 schools) amounted to less than 1 percent of all Title I schools. Although the number of schools in districts receiving Ed-Flex targeting waivers is unknown, it is probably similar to or less than the number in federal waiver districts.

Waivers of Title I targeting provisions frequently resulted in substantial reductions in per-pupil allocations for eligible schools. In the first two waiver cycles, the size of the median waiver district's per-pupil allocation to schools declined by about one-fifth as a result of the waivers – from $800 per pupil to $652 in 1995-96, and from $755 to $581 in 1996-97. However, in 1997-98 the decline in the median school allocation was smaller – from $578 to $511 per pupil, a 12 percent decline.

Exhibit 4.5
Change in Median School Allocation
Due to Federal Waivers of Title I Targeting Provisions,
1995-96 to 1997-98

	1995-96	1996-97	1997-98
Median school allocation before waiver	$800	$755	$578
Median school allocation after waiver	$652	$581	$511
Percent change	-18%	-23%	-12%

Next we examine individually the two most common types of targeting waivers: serving ineligible schools, and making allocations below the 125 percent minimum.

Waivers allowing 66 districts to provide Title I services in ineligible schools caused a 33 percent increase in the number of schools served in these districts. These waivers allowed a total of 88 ineligible schools to receive Title I funds, raising the number of schools served in these districts from 269 to 357.

Exhibit 4.6
Change in Number of Schools Receiving Title I Funds
Due to Federal Waivers Permitting Funding of Ineligible Schools,
1995-96 to 1997-98

	Total	1995-96	1996-97	1997-98
Number of districts receiving waiver	66	43	10	13
Number of schools served *without* waivers	269	175	30	64
Number of schools served *with* waivers	357	237	42	78
Median school allocation before waiver		$847	$783	$622
Median school allocation after waiver		$681	$660	$462
Percent change		-20%	-16%	-26%

To what extent are districts requesting waivers to permit them to continue serving schools that became ineligible due to the stricter targeting provision instituted in the 1994 reauthorization? In fact, about half (56 percent) of the 88 ineligible schools served through waivers would have been eligible under the previous (Chapter 1) school eligibility provisions, including 29 schools that were above the previous 25 percent poverty threshold and an additional 20 schools in districts that met the "no wide variance" criterion. However, 44 percent of these schools would not have been eligible for Title I funds even under the weaker Chapter 1 targeting provisions.

The impact of serving ineligible schools in these 66 districts was to reduce the size of school allocations by 16 to 26 percent, drawing away funds from eligible schools with higher concentrations of poor children. In 1995-96, the median school allocation in districts receiving waivers to serve ineligible schools was reduced by 20 percent, from $847 to $681. In 1996-97, the median school allocation was reduced by 16 percent, and in 1997-98 it was reduced by 26 percent.

Waivers allowing school allocations below the 125 percent minimum also resulted in significant reductions in school allocations in these districts. In 1995-96, the median school allocation in districts receiving waivers to serve ineligible schools was reduced by 24 percent, from $813 to $620. In 1997-98, the median school allocation was reduced by 14 percent, from $380 to $326.

Exhibit 4.7
Change in Median School Allocation
Due to Federal Waivers Permitting Allocations Below the 125% Minimum,
1995-96 to 1997-98

	Total	1995-96	1996-97	1997-98
Number of districts receiving waiver	29	23	4	2
Total number of schools in waiver districts	340	281	26	33
Median school allocation before waiver		$813	$665	$380
Median school allocation after waiver		$620	$545	$326
Percent change		-24%	-18%	-14%

Summary

Waivers have so far had little impact on school-level targeting nationally because targeting waivers have been relatively small in number. However, within those districts receiving targeting waivers, the waivers have caused a significant increase in the number of schools served through Title I and a decrease in the size of allocations for higher-poverty schools in these districts. If waivers became more widely used for targeting, they could have a more substantial impact on the overalll targeting of Title I funds.

V. Distribution of Funds Among Schoolwide and Targeted Assistance Programs

Title I schoolwide programs may use Title I funds to improve the quality of educational programs and services throughout the school, while targeted assistance programs target Title I resources and services to specific "Title I students" who have been identified as most at risk of school failure. The 1994 reauthorization expanded eligibility for schoolwide programs to include all schools with poverty rates of 50 percent or higher (52 percent of all Title I schools). Previously, only schools with poverty of 75 percent or higher (25 percent of Title I schools) could operate schoolwide programs.

This chapter examines the growth in the use of schoolwide programs, the level of funding in schoolwide programs compared with targeted assistance schools, and the change in funding for schoolwide programs since the 1994 reauthorization.

Growth in Number of Schoolwide Programs

Use of the schoolwide option was increasing steadily in the early 1990s, but jumped dramatically after eligibility requirements were relaxed in the 1994 reauthorization. The number of schoolwide programs increased from 1,626 in 1990-91 to 5,050 in 1994-95, the last year before the new eligibility requirements began to take effect. By 1996-97, the number of schoolwide programs had risen to 14,982, and the number rose still higher to 16,562 in 1997-98 (Exhibit 5.1).[12]

Exhibit 5.1
Change in Number of Title I Schoolwide Programs, 1991-92 to 1997-98

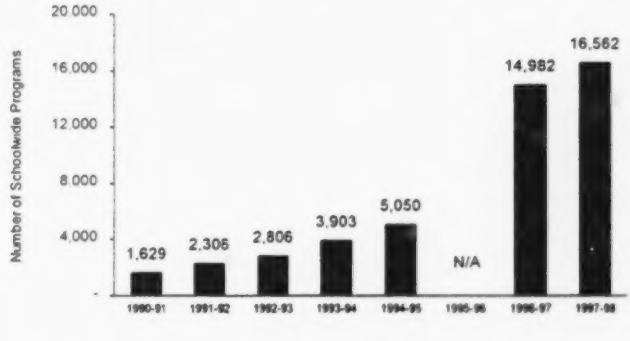

Exhibit reads: The number of Title I schoolwide programs increased from 1,626 in 1990-91 to 16,562 in 1997-98.

[12] Estimates for 1990-91 through 1996-97 are from state *Title I Performance Reports*. The estimate for 1997-98 is from Heid and Webber (1999), *School-Level Implementation of Standards-Based Reform: Findings from the Follow-up Public School Survey on Education Reform*.

The percentage of Title I schools operating schoolwide programs increased from 3 percent in 1990-91 to 10 percent in 1994-95 and 45 percent in 1997-98. As a percentage of Title I schools eligible to use the schoolwide approach, schoolwides rose from 24 percent of eligible schools in 1990-91 to 46 percent in 1994-95 and then to 73 percent in 1997-98 – even though the number of eligible schools doubled between 1994-95 and 1997-98 as a result of lowering the eligibility threshold.

Exhibit 5.2
Change in Proportion of Title I Schools Operating Schoolwide Programs, 1990-91 to 1997-98

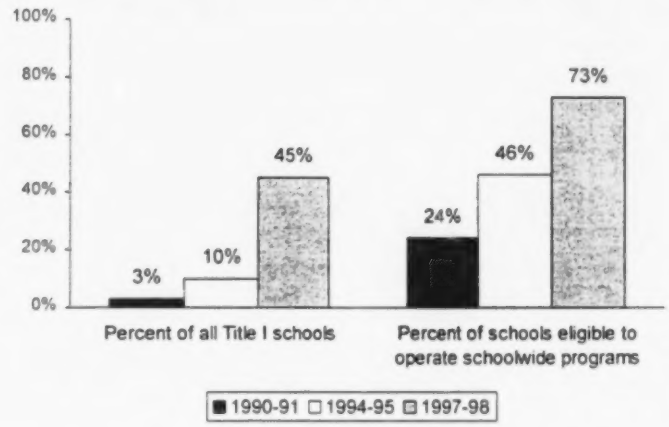

Exhibit reads: The proportion of all Title I schools with schoolwide programs increased from 3 percent in 1990-91 to 45 percent in 1997-98. Looking only at eligible schools, schoolwides rose from 24 percent of the eligible schools in 1990-91 to 73 percent in 1997-98.

Amount of Funds Allocated to Schoolwide Programs

Schoolwide programs now receive a larger share of Title I funds than do targeted assistance schools. According to the Study of Education Resources and Federal Funding, schoolwide programs received 61 percent of Title I school-level funds in 1997-98. Although schoolwide programs accounted for only 45 percent of all Title I schools in that year, they received a larger share of the funds because schoolwides receive larger Title I allocations, on average, than targeted assistance schools – both because they have more low-income students and because higher-poverty schools tend to receive larger allocations per low-income student.

In the 17 urban districts, the share of Title I funds allocated to schoolwide programs increased from one-third (37 percent) in 1994-95 to two-thirds (64 percent) in 1996-97 (Exhibit 5.3).

Exhibit 5.3
Distribution of Title I Funds Among Schoolwide Programs and Targeted Assistance Schools, in 17 Large Urban Districts, 1994-95 to 1996-97

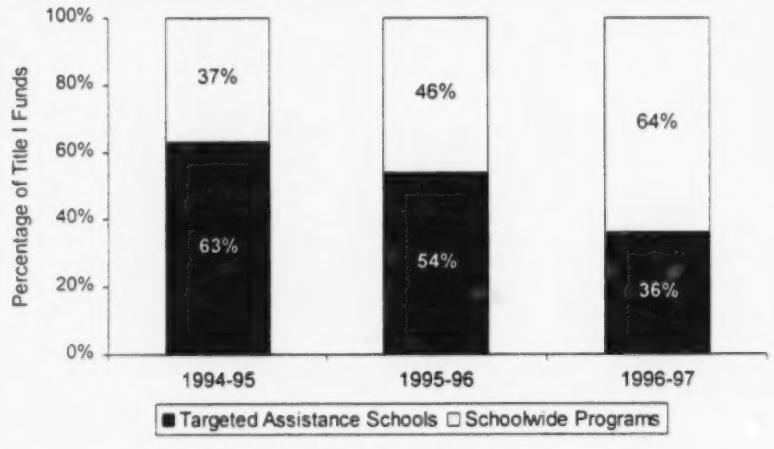

Exhibit reads: In a sample of 17 urban districts, the share of Title I school-level funds received by schoolwide programs rose from 37 percent in 1994-95 to 64 percent in 1996-97.

Per-pupil allocations are about the same for schoolwide programs as for targeted assistance schools with similar poverty levels. Overall, schoolwide programs have slightly lower allocations per pupil, but this is because targeted assistance schools include many low-poverty schools that have relatively large allocations per pupil (see Exhibit 2.6. Comparing schoolwide and targeted assistance schools with similar poverty rates reveals very similar funding levels for both types of schools (Exhibit 5.4).

Exhibit 5.4
Size of Title I Allocations for Schoolwide Programs and Targeted Assistance Schools, 1997-98

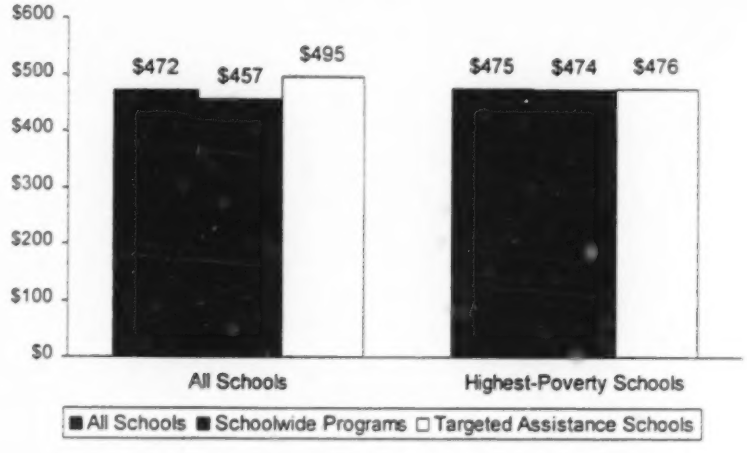

Exhibit reads: Among the highest-poverty schools, schoolwide programs and targeted assistance schools received virtually identical allocations per low-income pupil ($474 and $476, respectively).

Data from the 17 urban districts indicate that schoolwide programs tended to receive larger allocations prior to the 1994 reauthorization, compared with targeted assistance schools with similar poverty levels. For example, among schools with poverty rates of 75 percent or higher, schoolwide programs received an average allocation of $558 in 1994-95 – 24 percent more than the $450 average allocation received by targeted assistance schools. By 1996-97, allocations for both groups of schools at this poverty level were nearly equal, at $498 for schoolwide programs and $482 for targeted assistance schools (Exhibit 5.5).

Exhibit 5.5
Change in Size of Title I Allocations for Highest-Poverty Schoolwide Programs and Targeted Assistance Schools, in 17 Large Urban Districts, 1994-95 to 1996-97

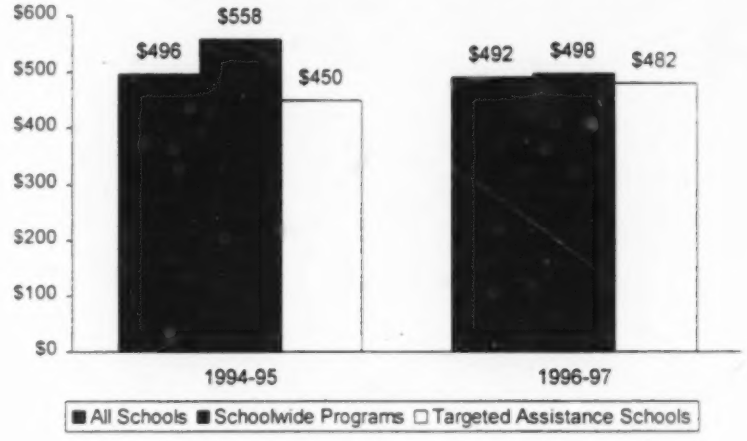

Exhibit reads: In the 17 large districts, schoolwide programs received larger per-pupil allocations than targeted assistance schools in 1994-95 ($558 and $450, respectively), but this difference had almost disappeared by 1996-97.

Prior to the reauthorization, some districts had an explicit policy of funding schoolwide programs at a higher level than targeted assistance schools, but this is no longer permissible due to the new requirement that funds be allocated to schools "in rank order, on the basis of the total number of children from low-income families."[13]

[13] Elementary and Secondary Education Act (as amended by P.L. 103-382), Title I, Sec. 1113(c)(1). The rank-order requirement means that districts may not provide any school with a per-pupil allocation that is larger than the allocations provided to other schools in the district with higher poverty levels.

Summary

The number of schoolwide programs has increased dramatically since eligibility requirements were relaxed in the 1994 reauthorization. By 1997-98, schoolwide programs accounted for 45 percent of all Title I schools and received an even larger proportion (60 percent) of all Title I funds allocated to schools.

In 1997-98, schoolwide programs received similar funding levels per low-income student as targeted assistance schools with the same poverty levels. Data from the 17 urban districts indicate that this represents a significant change from prior to the 1994 reauthorization, when schoolwide programs tended to receive larger allocations. This pattern was due to explicit policies favoring schoolwide programs in some districts, which are no longer permissible under the current law.

VI. Funding for Services for Private School Students

School districts must provide Title I services on an equitable basis to eligible private school students who reside in participating public school attendance areas.[14] Overall, about 2,000 school districts (or about 13 percent of all districts) provide Title I services to eligible private school students.[15]

To provide funding for these services, districts must reserve the amount of funds generated by *low-income* private school children who reside in the attendance areas for participating public schools. The law also requires the district to consult with private school representatives in a "timely and meaningful" fashion about how children's needs will be identified, what services will be offered, how and where services will be provided, and other issues.

Prior to the 1994 reauthorization, funding for private school students was determined based on the number of *low-achieving* private school students residing in the attendance areas of participating public schools – that is, those whose achievement was below the levels established by the district for eligibility for Title I services. In other words, funds for Title I services to private school students were previously generated based on educational criteria, whereas now they are generated based on poverty.

The new requirement to obtain information on the number of private school students from low-income families who reside in participating school attendance areas has sometimes been difficult for public and private school officials to implement. Districts most commonly determine the number of low-income students for each Title I school based on the number of students eligible for the free and reduced-price lunch program. Although private schools are eligible to participate in this program, many choose not to, and thus do not have information on the number of students who would be eligible.

If poverty data from the same source is not available for private school students, districts may use of one three alternatives:

- Comparable data. Districts may use poverty data for private school children that is generally based on the same income level as the poverty data it uses for public school students. For example, private school officials could provide a count of children who would be eligible for free or reduced-price lunches based on a survey of parents, Temporary Assistance to Needy Families (TANF), or tuition scholarship programs.

- Extrapolation from a representative sample. Private schools could survey a sample of parents regarding their income levels in order to estimate the number of students who would be eligible for the free- and reduced-price lunch program.

- Correlating different sources of poverty data. If poverty data is available for private school students but is based on different income levels than the data the district uses for public school allocations, the district may determine the proportional relationship between two sources of poverty data for public school students and apply that ratio to the private school data.

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[14] Section 1120.

[15] See U.S. Department of Education, unpublished tabulations from the *1996-97 Title I Performance Report;* Beth Sinclair and Babette Gutmann, *State Chapter 1 Participation and Achievement Information, 1993-94: Summary Report* (Washington, DC: U.S. Department of Education, 1996).

In addition, in the 1995-96 school year only, districts were permitted to use a "proportionality" approach: applying the poverty rate for each participating public school attendance area to the number of private school students who reside in that area, in order to obtain an estimate of the number of poor private school students.

Overall, the total number of private school students served by Title I has declined by 6 percent since the 1994 reauthorization. Just over 167,000 private school students (1 percent of all Title I participants) received Title I services in 1996-97, compared with 177,000 in 1993-94.[16]

This study examines changes in funding for services for private school students in 15 urban districts from 1994-95 to 1996-97. Two of the districts in the study's sample of 17 districts did not provide data on the amount of funds allocated for services for private school students.

In the 15 urban districts, total allocations for services for private school students ranged from a high of $31 million in New York City to less than $200,000 in four of the districts. The percentage of the district's total Title I funds allocated for private school students ranged from a high of 7 percent (again, in New York City) to 1 percent in seven of the districts (Exhibit 6.1).

Exhibit 6.1
Allocations for Services for Private School Students in 15 Large Urban Districts, 1996-97

School District	Amount	Percent of District's Title I Funds
New York City	$31,101,741	7%
Chicago	$8,498,561	5%
Los Angeles	$5,973,175	4%
Baltimore	$1,664,156	4%
Washington, DC	$1,236,323	5%
Boston	$790,668	4%
Columbus	$462,579	2%
Dade	$420,000	1%
Houston	$349,212	1%
San Diego	$308,468	1%
Dallas	$300,029	1%
Virginia Beach	$183,236	5%
Long Beach	$178,938	1%
Broward	$151,000	1%
Fort Worth	$141,698	1%
Total of 15 districts	$51,759,784	5%

[16] U.S. Department of Education, *Promising Results, Continuing Challenges* (Washington, DC: U.S. Department of Education, 1999).

Change in Funding for Services for Private School Students

Across the 15 urban districts, funding for services to private school students declined by 10 percent from 1994-95 to 1996-97. During this same period, total Title I funding in these districts rose by 5 percent. Twelve of the districts had reductions in funding for private school students ranging from 6 percent to 56 percent, and three districts had increases ranging from 2 percent to 7 percent (Exhibit 6.2).

Exhibit 6.2
Change in Allocations for Services for Private Schools Students, in 15 Large Urban Districts, 1994-95 to 1996-97

School District	1994-95	1995-96	1996-97	% Change 1994-95 to 1995-96	% Change 1994-95 to 1996-97
Baltimore	$1,615,000	$2,162,069	$1,664,156	34%	3%
Boston	$1,797,085	$946,236	$790,668	-47%	-56%
Broward	$308,000	$159,784	$151,000	-48%	-51%
Chicago	$7,958,986	$9,500,000	$8,498,561	19%	7%
Columbus	$764,502	$787,843	$462,579	3%	-39%
Dade	$726,590	$460,950	$420,000	-37%	-42%
Dallas	$528,666	$265,246	$300,029	-50%	-43%
Fort Worth	$308,601	$368,681	$141,698	19%	-54%
Houston	$748,433	$773,290	$349,212	3%	-53%
Long Beach	$333,818	$222,275	$178,938	-33%	-46%
Los Angeles	$5,878,950	$6,045,936	$5,973,175	3%	2%
New York City	$34,281,351	$31,507,212	$31,101,741	-8%	-9%
San Diego	$326,564	$390,183	$308,468	19%	-6%
Virginia Beach	$208,063	$162,945	$183,236	-22%	-12%
Washington, DC	$1,565,130	$1,296,380	$1,236,323	-17%	-21%
Total of 15 districts	$57,349,739	$55,049,030	$51,759,784	-4%	-10%

Some districts showed more substantial declines in allocations for private school students over this three-year period. In eight of the 15 districts, allocations declined by 39 to 56 percent over the three-year period from 1994-95 to 1996-97. However, these eight districts tended to have relatively small allocations for private school students prior to reauthorization, accounting for 10 percent of total allocations for private school students in these 15 districts in 1994-95.

Over the same period, three of the districts (Chicago, Baltimore, and Los Angeles) showed small increases in funding, ranging from 2 percent to 7 percent, for services for private school students. Two of these districts had substantial increases in allocations for private school students in the first year after reauthorization (1995-96), followed by a decrease in the following year that returned these allocations near to their 1994-95 levels.

In most of the districts showing declines in Title I allocations for private school students, most of the decline occurred in 1995-96, followed by a smaller decline (or a slight increase) in 1996-97. However, in four of these districts, an increase in 1995-96 was followed by a much larger decrease in 1996-97.

The districts with very large reductions in these allocations tended to have relatively small allocations for private school students prior to reauthorization, compared with the districts that had increases or smaller decreases in these funds. The eight districts with the largest reductions accounted for 10 percent of total allocations for private school students in the 15 urban districts in 1994-95 (and 23 percent of total Title I funds), while the five districts with increases or small reductions in these allocations accounted for 73 percent of total funds for private school students (and 58 percent of total Title I funds). This is because the districts with very large reductions tended to be somewhat smaller in size and to have smaller shares of funds allocated to private school students, even before the reductions occurred.

Summary

Overall, it appears that the change to allocating funds on the basis of low-income students rather than low-achieving students has tended to reduce funding for services to private school students. However, this reason for this effect is not clear. It may be that private schools have a smaller proportion of all low-income students (compared with their proportion of all low-achieving students). On the other hand, the decline could be related to difficulties in obtaining accurate data on the number of low-income private school students residing in Title I school attendance areas.

VII. Use of Funds at the School and District Levels

Title I differs from most other school district resources in that most of the funds are allocated to individual schools. In general, school district revenues and expenditures are budgeted and accounted for at the district level; schools receive resources and services in the form of teachers, buildings, computers, and other inputs to the educational process, but they typically do not receive an allocation of dollars over which they have control and discretion.[17]

In the case of Title I, however, districts are required to allocate funds to individual schools based on their enrollments of low-income students. This requirement, adopted in the 1994 reauthorization, was a change from the previous practice of allocating funds or resources to schools based on educational needs. In fact, prior to the 1994 reauthorization, districts were not required to allocate specific dollar amounts to Title I schools; rather, they could distribute resources in the form of Title I teachers and aides and provide services such as professional development. Indeed, several of the districts initially selected for this study could not participate because they did not allocate specific dollar amounts to Title I schools prior to reauthorization, and thus it would not be possible to compare school allocations before and after reauthorization.

Currently, districts may continue to use Title I funds for district-wide programs and services in addition to allocating some of the funds to individual schools, and there is no limit on the amount districts can retain for centrally-administered programs. Although some funds retained by districts are used for program administration, the funds may also support district-wide programs and services that directly benefit schools, teachers, and students, such as preschool, summer school, professional development, parent involvement, and services for children in local institutions for neglected and delinquent children.

This chapter examines the share of funds that is allocated to individual public schools and district-wide programs and services, as well as the change in this distribution of funds as a result of the 1994 reauthorization.

Based on the national sample of school districts from the Study of Education Resources and Federal Funding, districts allocated three-fourths (75 percent) of their Title I funds to individual public schools in 1997-98. Funds allocated for services to private school students accounted for an additional 1 percent of the funds, while 16 percent was used for districtwide programs and services. Adding together the funds used for allocations to individual public schools, services for private school students, and districtwide services suggests that 92 percent of districts' Title I funds were used for instruction and instructional support. The remaining 8 percent were used for program administration.[18]

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[17] In a study of 24 school districts with reputations for pursuing innovative reforms to improve teaching and learning, Goertz and Duffy found that these districts "retain control over the allocation of most personnel and non-personnel resources to schools. Schools have limited control over the size and composition of their staff. In most of the study sites, schools' budgetary authority is generally limited to the expenditure of Title I, state compensatory education, instructional and professional development funds and occasional grant monies." Margaret Goertz and Mark Duffy, "Resource Allocation in Reforming Schools and School Districts," Margaret Goertz and Allan Odden (eds.), School-Based Financing (Corwin Press, 1999).

[18] These data are based on 117 districts that provide Title I budget information, out of a total sample of 180 school districts. The number of respondents providing Title I budget information was somewhat lower than the number responding to the Title I district survey (144).

In the sample of large urban districts (based on the 15 districts that reported complete information on their Title I budgets), a similar percentage of the funds were allocated to individual public schools in 1996-97 (77 percent). An additional 5 percent was allocated for services for private school students — considerably higher than for the national sample of districts — and 19 percent was used at the district level for district-wide programs and services and program administration (Exhibit 7.1).

Exhibit 7.1
Share of District Title I Funds Allocated for Individual Public Schools, District-Wide Programs and Services, and Services for Private School Students
1996-97

School District	Individual Public Schools	District-wide Programs and Services	Services for Students in Private Schools
Baltimore	81%	15%	4%
Boston	69%	27%	4%
Broward	75%	24%	1%
Chicago	70%	25%	5%
Columbus	90%	8%	2%
Dade	81%	18%	1%
Dallas	68%	31%	1%
Fort Worth	46%	53%	1%
Houston	62%	37%	1%
Long Beach	93%	6%	1%
Los Angeles	82%	14%	4%
New York City	80%	13%	7%
San Diego	68%	31%	1%
Virginia Beach	92%	3%	5%
Washington, DC	65%	30%	5%
Total of 15 districts	77%	19%	5%

There was considerable variation across these districts in the percentage of funds allocated to individual public schools. Several districts (Long Beach, Virginia Beach, and Columbus) allocated 90 percent or more of their funds to individual public schools, while others used much lower proportions of their funds for school allocations, reaching as low as 46 percent in Fort Worth, 62 percent in Houston, and 65 percent in Washington, D.C.

As discussed above, districts that distribute relatively small proportions of their funds to individual schools are not necessarily using less of their Title I funds for school-level programs and services compared with other districts, because they may use other Title I funds for district-wide programs and services that directly benefit students and teachers in Title I schools. For example, Fort Worth uses one-fourth (24 percent) of its Title I funds for a district-wide preschool program, and spends an additional 9 percent on an elementary school initiative, 3 percent on a parent involvement program, 2 percent on staff development, and 1 percent on services for neglected and delinquent children (Exhibit 7.2). Combining these funds with the allocations for individual public schools and services for private school students brings the total amount of funds for school or student-oriented programs and services to 86 percent of Fort Worth's total allocation.

Exhibit 7.2
District Allocations of Title I Funds in Fort Worth and New York City
1996-97

Budget Category	Fort Worth	New York City
Allocations to individual public schools	46%	80%
District-wide programs		
Preschool	24%	5%
Professional development	2%	<1%
Neglected and delinquent	1%	1%
Parent involvement	3%	NA
Elementary school initiative	9%	NA
Bilingual pupil services	NA	1%
Services for students in private schools	1%	7%
Overhead/indirect costs	1%	4%
Program evaluation	NA	1%
Other	13%	2%

"NA" indicates district did not provide allocations for this category.

In contrast, New York City has a more decentralized Title I program. New York allocates 80 percent of its Title I funds to individual public schools, with an additional 7 percent going for services for private school students. New York also uses some of its Title I funds for district-wide programs, notably a preschool program that receives 5 percent of New York's total allocation, as well as bilingual services (1 percent) and services for neglected and delinquent children (1 percent). Combining all of these funds brings the total amount of funds for school or student-oriented programs and services to 94 percent of New York City's total allocation.

Appendix A
Methodology for Analysis of School Allocations in 17 Large Urban Districts

Sample Selection

The districts included in this analysis were selected primarily based on district size. The study focused on large districts because these districts account for a relatively large proportion of Title I students and because districts with many schools have more complex allocation environments than do smaller districts. Initially we contacted 23 school districts to determine whether the data necessary for this study were available. These 23 districts were all among the 60 largest school districts in the nation, and all of the largest 15 districts were included in this sample, except Puerto Rico and Hawaii. To increase geographic representation, the district sample was restricted to no more than three districts from any single state. Of these 23 districts, 17 districts provided some or all of the requested information (Exhibit A.1). The poverty rates in this district sample range from a high of 48 percent (Detroit) to a low of 11 percent (Virginia Beach), with a median of 34 percent.

Data Collection

Each district was asked to provide, for each school in the district, the following information: enrollment, number of low-income students, grade span, and, if applicable, Title I allocation and type of Title I program (schoolwide or targeted assistance). The allocation figures, grade span, and school type were for the 1994-95, 1995-96, and 1996-97 school years. However, enrollments and number of low-income students were collected from 1993-94, 1994-95, and 1995-96 because those are the figures districts use to calculate poverty rates and budget Title I for the following school year. If a school is new, the actual figures for that year were employed.

Districts were asked to provide their Title I budgets and include the amount available (their district's total allocation for that year plus any funds carried over from the previous year) and the amounts allocated for individual public schools,[19] services for private school students, district-wide programs and services, and program administration. However, the data provided by most districts did not distinguish between funds used for district-wide services and program administration.

Exhibit A.2 shows the total amount of Title I funds that districts reported having available for each of the three school years in this study for 15 of the 17 school districts (two of the districts reported only on their Title I allocations to individual public schools and did not provide information on other uses of Title I funds or on total Title I funds).

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[19] Some districts were able to provide the amount actually allocated to each school while others provided the amount budgeted; we assumed the differences between actual and budgeted allocations to be small and used whichever the district could provide.

Exhibit A.1
School Districts in Study Sample

School District	State	National Rank (by Enrollment Size)	Enrollment (Fall 1996)[20]	Child Poverty Rate (1996)[21]
New York City	NY	1	1,063,561	39%
Los Angeles	CA	2	667,305	39%
Chicago	IL	3	469,098	35%
Dade County	FL	4	341,117	32%
Broward County	FL	5	218,608	17%
Philadelphia	PA	6	212,150	36%
Houston	TX	7	209,375	41%
Detroit	MI	9	182,316	48%
Dallas	TX	11	154,847	34%
San Diego	CA	15	133,687	27%
Baltimore City	MD	21	108,759	34%
Long Beach	CA	34	83,038	36%
District of Columbia	DC	32	78,648	35%
Virginia Beach	VA	37	76,677	11%
Fort Worth	TX	40	75,813	31%
Columbus	OH	51	63,894	30%
Boston	MA	52	63,239	31%

It is important to keep in mind that these amounts represent total funds available, which may include carryover funds from the previous school year as well as funds that districts received for that school year. For example, total Title I funds reported by Dallas declined from $$35.9 million in 1994-95 to $34.6 million in 1995-96 — a 4 percent decrease — but Exhibit A.3 shows that the district's allocation from FY 1994 and FY 1995 appropriations (which are primarily intended for the 1994-95 and 1995-96 school years, respectively) actually increased by 12 percent, from $28.2 million to $31.6 million. Thus, the 4 percent reduction in total Title I funds reported by Dallas over this two-year period appears to represent a reduction in the amount of funds carried over by the district from the previous year, rather than a reduction in the amount of funds allocated to the district under the Title I formula.

Exhibit A.3 also shows that the 17 large urban school districts received allocations amounting to 18 percent of total Title I Part A appropriations in FY 1994 and 17 percent of the total in FY 1995.

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[20] U.S. Department of Education, Digest of Education Statistics 1998, Table 95.

[21] U.S. Department of Commerce, Bureau of the Census, estimates of school-age children and poor children for 1996.

Exhibit A.2
Total Title I Funds Reported, by District,
School Years 1994-95 to 1996-97

District	1994-95	1995-96	1996-97	Percent change from 1994-95 to 1996-97
Baltimore	38,327,643	41,899,644	39,818,474	4%
Boston	21,635,876	22,564,527	22,059,193	2%
Broward	19,638,873	19,237,467	19,646,731	0%
Chicago	169,801,467	179,305,619	174,498,504	3%
Columbus	21,224,312	23,070,575	21,570,511	2%
Dade	67,373,614	60,166,895	62,944,377	-7%
Dallas	35,918,175	34,604,789	35,490,545	-1%
Fort Worth	13,352,558	12,588,513	14,859,801	11%
Houston	49,136,710	49,093,804	50,727,275	3%
Long Beach	21,539,255	21,268,036	20,687,729	-4%
Los Angeles	152,987,132	163,925,653	162,116,987	6%
New York City	408,801,605	447,111,431	447,526,328	9%
San Diego	24,402,124	23,743,453	23,513,153	-4%
Virginia Beach	3,972,385	3,664,338	3,969,826	0%
Washington, DC	20,312,180	21,863,992	23,843,917	17%
Total of 15 districts	1,068,423,909	1,124,108,736	1,123,273,351	5%

Exhibit A.3
Total Title I Allocations, by District
FY 1994 and FY 1995

District	FY 1994	FY 1995	Percent Change
Baltimore	37,962,282	39,650,769	4%
Boston	20,407,399	21,050,293	3%
Broward	18,663,805	19,126,904	2%
Chicago	149,824,570	163,126,339	9%
Columbus	19,011,058	20,219,434	6%
Dade	58,741,462	60,470,276	3%
Dallas	28,203,119	31,638,440	12%
Detroit	88,637,072	77,502,736	-13%
Fort Worth	13,042,820	11,845,267	-9%
Houston	45,941,929	46,465,817	1%
Long Beach	19,509,124	19,821,419	2%
Los Angeles	129,184,521	131,893,452	2%
New York City	370,921,741	373,723,134	1%
Philadelphia	74,847,989	78,954,578	5%
San Diego	20,915,357	20,779,530	-1%
Virginia Beach	3,638,447	3,462,128	-5%
Washington, DC	20,313,053	19,454,987	-4%
Total of 17 districts	1,119,765,748	1,139,185,502	2%
Total appropriations for Title I Part A	6,276,321,694	6,631,372,440	6%
Share of total funds received by the 17 districts	18%	17%	

Source: U.S. Department of Education analysis of data from Sinclair and Gutman, *The distribution of federal education funds in FY 1995: Biennial report to Congress under Section 424 of the General Education Provisions Act*, Washington, DC: U.S. Department of Education, 1999.

Note: Funds appropriated and allocated in a particular federal fiscal year are primarily intended for use during the subsequent school year. For example, funds appropriated in FY 1994 are primarily intended for use in the 1994-95 school year.